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LEGISLATIVE HISTORY

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Public Law 774--81st Congress

Chapter 932--2d Session

H. R. 9176

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DEFENSE PRODUCTION ACT OF 1950. Authorizes the President to establish priorities, require the performance of defense contracts, and allocate materials and facilities. Authorizes the President, when all other methods fail, to requisition supplies, materials, and facilities. Authorizes various Government agencies, operating through the Federal Reserve Banks, to guarantee public or private loans to expedite production and deliveries of defense goods; and authorizes the President to install additional equipment in Government facilities and install Government equipment in private plants. Authorizes the President to encourage voluntary action by business, agriculture, labor, and consumers to bring about wage and price stabilization. To the extent that this fails, he may establish individual or general price ceilings, and at the same time if price ceilings are invoked he must stabilize wages. Price ceilings could be established only when the President finds that (1) a price has risen or threatens to rise "unreasonably" above the level from May 24, 1950 to June 24, 1950; (2) such increases will materially affect the cost of living or the national defense; (3) the ceiling is necessary to effectuate the purposes of the act; (4) it is practicable and feasible to impose such a ceiling; and (5) a ceiling would be generally fair and equitable to sellers and buyers of materials and to sellers and buyers of related and competitive materials. Completely exempt from the wage and price provisions are (1) prices or rentals for real property; (2) rates or fees charged for professional services; (3) prices or rentals for materials for certain publication services, newspapers, radio, etc.; (4) selling or underwriting insurance; (5) common carrier or other public utility rates; and (6) margin requirements on any commodity exchange. If general, or across-the-board price and wage controls are invoked, they would have to be administered, and rationing at the retail level, through a new independent agency.

No ceilings could be set for any agricultural commodity below the highest of the following prices: (1) the parity price, (2) the highest price received

by producers druing the period from May 25, 1950 to June 24, 1950, inclusive, or (3) in the case of any commodity for which the market was not active during the period May 24 to June 24, 1950, the average price received during the most recent representative period prior to May 24 in which the market for such commodity was active as determined and adjusted by the Secretary to a level in line with the level of prices during the period May 24 to June 24, or (4) in the case of fire-cured tobacco a price equal to 75% of the parity price of Burley tobacco of the corresponding crop, and in the case of dark air-cured tobacco and Virginia sun-cured tobacco, respectively, a price equal to 66 2/3% of the price of Burley tobacco of the corresponding crop. Provides that no ceilings may be established on a commodity processed or manufactured from any agricultural commodity below a price which would reflect to producers of such agricultural commodities the highest of the prices referred to above; with provision for a "generally fair and equitable margin" for the processing. Ceilings would be adjusted for reductions in yields, unusual increases in costs of production, and for other conditions. Provides for the adjustment of milk prices in areas not under marketing agreements and orders in relationship to prices for milk marketed under agreements or orders, and for adjustment in view of the availability and price of feed and other economic conditions. Authorizes the Federal Reserve System to impose consumer credit controls. Authorizes the President to regulate real estate construction credit on structures commenced after noon on August 3, 1950. Provides for fines and imprisonment for any employee of the Government who uses confidential information in commodity speculation or discloses such information to others who speculate. Establishes a joint congressional committee composed of 5 members of the Senate Banking and Currency Committee and 5 members of the House Banking and Currency Committee to study and review the operation of the act. Authorizes the President to place and employ persons temporarily in grades 16, 17, and 18 of the General Schedule under the Classification Act of 1949 to carry out the provisions of the Act. The provision for priorities, allocations, and requisitioning would expire on June 30, 1952; but the provisions for price and wage stabilization and credit controls would expire June 30, 1951.

UNITED STATES DEPARTMENT OF AGRICULTURE
Washington, D. C.
October 9, 1950

A GENERAL DESCRIPTION OF THE "DEFENSE PRODUCTION ACT OF 1950"

(Prepared in the Office of the Solicitor)

Introduction

The purpose of the Act is to provide for emergency measures in the interest of the national defense, and everything done under the Act must be related to the promotion of the national defense. The provisions of the Act are supplementary to, and not in substitution for, pre-existing law. The Act applies to the United States, its Territories and possessions, and the District of Columbia.

The defense measures for which the Act makes provision are as follows: (a) priorities and allocations with respect to materials and facilities, including the administrative designation of scarce materials which may not be hoarded; (b) the expedition of procurement through government guarantees, loans, purchases, and the requisitioning of property; (c) maximum prices for materials and services and stabilization of wages; and (d) regulation of consumer credit, real estate construction credit, and loans on real estate made, insured or guaranteed by the government. The Act also contains general provisions relating to the settlement of labor disputes.

The objectives of the Act may be achieved through voluntary or involuntary programs. All functions of the Act are excluded from the operation of the Administrative Procedure Act except the requirements of section 3 thereof. The authority to adopt defense measures, unless sooner terminated by the Congress or the President, expires on June 30, 1951, except that the provisions of the Act relating to priorities, allocations, hoarding, and expedition of procurement shall continue in effect until June 30, 1952, to the extent only that is necessary to aid in carrying out government contracts made prior to July 1, 1951.

The powers contained in the Act to take measures for the promotion of the national defense are, for the most part, vested in the President. The powers vested in the President may, except where otherwise specifically provided, be delegated by him to any existing agency or to any new agency (except that no new corporate agency may be created), and, in making such delegation, the President may authorize redelegations by the agency.

The President has by Executive Order No. 10161 delegated to appropriate existing agencies of the government most of the powers vested in him, except that the Order creates a new agency, known as the Economic Stabilization Agency, to administer price and wage controls, and these agencies are, for the most part, authorized to make successive redelegations to agencies, officers or employees of the government. The functions delegated to the several agencies are to be coordinated on behalf of the President by the chairman of the National Security Resources Board.

The Act provides for a Congressional committee, known as the Joint Committee on Defense Production, to make a continuous study of operations under the Act.

Priorities, Allocations and Hoarding

The priority power may be exercised to require priority of performance under, or preferential acceptance and performance of, contracts or orders (other than contracts of employment). The allocation power over materials and facilities may be exercised in such manner, upon such conditions, and to such extent as may be administratively determined. The term "allocation" means also rationing at the consumer level. Any allocation resulting in a significant dislocation of normal distribution of material in the civilian market shall, insofar as practicable, be made in such manner as to give to business and the various segments thereof a fair share of the supply based upon the normal share of such business during a representative period preceding June 24, 1950, with due regard also to the needs of any new business. Persons subject to priority and allocation orders may not discriminate against such orders in any way, such as charging higher prices thereunder.

The prohibition against hoarding relates to scarce materials and materials the supply of which would be threatened by accumulation. These materials are to be administratively designated from time to time. The designation of materials and the withdrawal of such designation are required to be published in the Federal Register. Hoarding consists in accumulating such designated materials in excess of reasonable demands of business, personal, or home consumption or for the purpose of resale at prices in excess of prevailing market prices.

A willful violator is subject to a fine of not more than $10,000 or imprisonment for not more than one year, or both. All persons are excused from damages or penalties for any act or failure to act as a result of compliance with any order issued pursuant to the Act, even though such order may later be declared by competent authority to be invalid.

The Executive Order delegates functions relating to priorities, allocations and hoarding. The delegation to the Secretary of Agriculture covers food, farm equipment and commercial fertilizer. The term "food" is broadly defined in the delegation as all commodities and products capable of human or animal consumption, and also starches, sugars, vegetable and animal fats and oils, cotton, tobacco, wool, mohair, hemp, flax fiber and naval stores until they lose their identity as an agricultural commodity or agricultural product. The term "farm equipment" means equipment manufactured for use on farms in connection with the production and processing of food. The term "fertilizer" means fertilizer in form for distribution to users thereof.

The delegation made to the Secretary of the Interior covers petroleum,

gas, solid fuels and electric power, and the delegation made to a Commissioner of the Interstate Commerce Commission covers domestic transportation, storage and port facilities. All other materials and facilities, except fissionable materials, are covered in a delegation to the Secretary of Commerce.

Each delegate may make claim against the other delegates for additional materials and facilities necessary to carry out the program of the claimant delegate, and each delegate may, with approval of the chairman of the National Security Resources Board, designate other agencies of the government as claimants. Provision is made also for successive redelegations to agencies, officers or employees of the government, including redelegation by one delegate of the President to another such delegate.

The Act provides for the appointment of such advisory committees as shall be appropriate and for consultation whenever practicable with such committees in the formulation of regulations. Any regulation shall contain a statement that in the formulation thereof such consultation has taken place and that consideration was given to recommendations made, or that special circumstances have rendered consultation impracticable. The regulation is not vitiated by inaccuracy in the statement. The committees must be representative of small, medium and large size business, different geographical areas, trade association members and non-members, and different segments of the industry. Small business enterprises are to be encouraged to contribute in carrying out the objectives of the Act. They are required to be given full information concerning the provisions of the Act and agency activities thereunder. They may be granted appropriate exemptions. All of their requests must be expeditiously handled.

In the administration and enforcement of the Act, or any regulation thereunder, any person may by regulation, subpoena, or otherwise, be required to furnish information, make reports, to keep records subject to inspection, and to give sworn testimony. These provisions continue in effect for a period of two years after the termination of the Act for other purposes. Regulations shall be issued insuring that this authority will be utilized only after the scope and purpose of investigation, inspection and inquiry have been defined by competent authority with assurance that the information is not available from any responsible agency. A willful violator is subject to a fine of not more than $1,000 or imprisonment for not more than one year, or both. The usual provisions are made for the judicial enforcement of subpoenas, for immunity of witnesses, and for confidentiality of information. The information obtained may be confidential pursuant to official determination or request by the person furnishing the information, and any willful disclosure of such confidential information subjects the violator to a fine of not more than $10,000 or imprisonment for not more than one year, or both. The information may be released upon an official determination that the withholding thereof would be contrary to the interest of the national defense.

The Act provides that confidential information received from any source by a public official shall not be used by him, or disclosed by him to any person for use, in speculating on any commodity exchange. Any violator is subject to a fine of not more than $10,000 or imprisonment for not more than one year, or both.

Expedition of Procurement through Government Guarantees, Loans, Purchases and Requisitioning

The expedition of production and deliveries or services may take place through (1) guaranteeing financial institutions against loss on loans to carry out government contracts; (2) the making of government loans to private business enterprises to carry out government contracts; (3) the purchase of raw materials for government use or resale; (4) the improvement of government and private industrial plants; and (5) the requisitioning of property. The funds for guaranteeing and requisitioning may be any funds available for the national defense. For loans, purchases and plant improvement, a borrowing authority of $600,000,000 is provided and an appropriation of $1,400,000,000 is authorized.

The guarantee arrangement by which financial institutions may be protected against loss on loans to carry out government contracts may be by commitment to purchase, agreement to share losses, or other arrangement. The guarantee may be made without regard to provisions of law relating to the making, performance, amendment or modification of contracts. The guaranteeing agency may be the Army, Navy, Air Force, Department of Commerce, and such other agencies as the President may designate. Any Federal agency or any Federal Reserve Bank may be designated to act as fiscal agent for the guaranteeing agency on a full reimbursement basis. Government loans to private business enterprises (including non-profit research corporations) to aid in carrying out government contracts may be made only where private financial assistance is not available on reasonable terms. The purchase of raw materials for government use or resale may only in exceptional cases be made at higher than the current market price or with anticipated loss on resale. The authority to purchase extends to transportation, storage and processing. Agricultural commodities may not be purchased for resale except for industrial use or stockpiling, and may only be sold at not less than the current market price or at the minimum sale price provided by statute for commodities owned or controlled by the Commodity Credit Corporation, whichever is higher.1/ The loan and purchase programs may be carried out without regard to limitations of existing law. The requisitioning power covers equipment and supplies and materials or facilities necessary to produce or operate such equipment and supplies where the need is extremely urgent and cannot otherwise be met.

1/ In addition to purchases of raw materials the Act authorizes the encouragement of exploration, development, and mining of critical and strategic minerals and metals.

The Executive Order designates the guaranteeing agencies, including the Departments of Agriculture, Interior and Commerce, and the General Services Administration. It also designates the Federal Reserve Banks as fiscal agents, subject to the supervision of the Board of Governors of the Federal Reserve System, for the guaranteeing agencies. The Executive Order also delegates the authority to make loans and purchases, within the funds made available by the President, in such manner as to require loans to be made by the Reconstruction Finance Corporation and purchases to be made by the Administrator of General Services upon certification by the Secretary of Agriculture, Secretary of the Interior and the Secretary of Commerce with respect to materials and facilities assigned to them respectively for priority and allocation purposes, except that the Secretary of Agriculture may certify also as to lumber and the Secretary of the Interior may certify also as to metals and minerals. It is provided, however, that the Secretary of Agriculture may make direct purchases of agricultural commodities. The delegation with respect to requisitioning is made to the Secretary of Agriculture, the Secretary of the Interior and the Secretary of Commerce with the same coverage as in the delegation of the priority and allocation power, except that the power to dispose of requisitioned property no longer needed is delegated to the Administrator of General Services. The Executive Order contains the same authority for redelegation as in the case of priorities and allocations.

The provisions of the Act relating to advisory committees and small business enterprises, the obtention of information for the purpose of administration and enforcement, and the disclosure of confidential information, are the same for procurement functions as for priorities and allocations.

Maximum Prices for Materials and Services and Wage Stabilization

The Act authorizes the establishment of maximum prices covering the consideration, whatever it may be, in the disposition of any material or service and the stabilization of remuneration in any form for personal services rendered by employees. The action taken may be selective or general; that is, it may relate to a particular material, service or type of employment, or generally to all materials, services and types of employment.

A price ceiling with respect to an individual material or service may be established only under prescribed conditions. The principal conditions are that the price has risen or threatens to rise unreasonably above the price prevailing during the period May 24, 1950 to June 24, 1950, and that such price increase will materially affect the cost of living or the national defense. Whenever a price ceiling is established for a particular material or service the wages in any business producing

the particular material or performing the particular service shall likewise be stabilized and the regulation stabilizing such wages shall prohibit such increase in wages as would require an increase in the price ceiling or impose hardships on sellers subject to the price ceiling. When price ceilings have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living, ceilings, together with wage stabilization, shall be made general.

The price and wage measures as to particular materials, services or types of employment may be administered by existing agencies of the government pursuant to delegation by the President, but when the President determines that it is necessary to impose such controls generally over a substantial portion of the national economy, the controls, together with rationing at the consumer level of goods for household and personal use, shall be exercised through an independent agency created for that purpose without power of delegation. The Executive Order of the President creates an Economic Stabilization Agency for the administration of price and wage controls.

Any regulation or order controlling prices and wages must meet the basic requirement that it be generally fair and equitable and carry out the purposes of the law. The regulation or order must be accompanied by a statement of underlying considerations. To meet the basic requirement, the Act specifies certain factors which must be taken into account. It directs that, so far as practicable, due consideration must be given to prices and wages which prevailed during the period May 24, 1950 to June 24, 1950, if representative, and if such prices and wages were not representative, then those which prevailed on the nearest date on which they are generally representative. In determining and adjusting price ceilings, due consideration must likewise be given to all relevant factors of general applicability, including speculative fluctuations and general changes in costs and profits since June 24, 1950. In like manner, due consideration must be given to the national effort to achieve maximum production.

Adjustments are required to be made to prevent or correct hardships, including hardship to sellers under contracts normally made for future delivery. Authority is given for appropriate exemptions and exceptions of materials, services and types of employment. The Act itself excepts real property, professional services, material for publication, insurance, public utility services, and margin requirements on commodity exchanges from price control. The controls may not be exercised to effect changes in established business methods, to restrict the use of trade and brand names, to require grade labeling, to standardize any material or service, or to establish price ceilings for different kinds of material or service based on any specification or standard not in general use, except that changes in business methods and standardization may be required upon a determination that such a requirement is necessary for effective price

control. Sellers of materials at retail may not be required to limit sales with reference to any previous highest price line offer.

Minimum ceilings are provided for wages and agricultural commodities. The minimum for wages is the wage paid during the monthly period above, and any wage stabilization must also be consistent with Federal and State labor laws. The minimum price ceiling for agricultural commodities (other than fluid milk in Federally non-regulated areas) is the highest of four prices: (1) parity price, (2) the highest price received by producers during the period May 24, 1950 to June 24, 1950, (3) if the market for the commodity was inactive during such period, the average price received by producers during the most recent representative period prior thereto in which the market was active, adjusted to the level of prices of agricultural commodities generally for the monthly period, or (4) in the case of fire-cured tobacco, 75% of the parity price for Burley tobacco, and in the case of dark air-cured and Virginia sun-cured tobacco, 66-2/3% of the parity price for Burley tobacco. The minimum ceiling prices are to be determined by the Secretary of Agriculture and adjusted by him for grade, location and seasonal differentials, except that in the case of tobaccos specified above, the adjustment is for grade differentials only. The minimum ceiling price for milk used for distribution as fluid milk in an area not Federally regulated shall be not less than the higher of (1) the parity price for such milk and (2) such a price for such milk in the area as will maintain the same ratio to the average farm price of milk sold wholesale in the United States as in the period May 24, 1950 to June 24, 1950. Whenever the Secretary of Agriculture finds, however, that the price determined by this formula is not reasonable in view of relevant economic conditions in the area, including feed costs, he shall fix such a price as will reflect such conditions, and the price so fixed by him is required to be used as the ceiling price for such milk in the area. Marketing agreements and orders under the Agricultural Marketing Agreement Act of 1937, as amended, are not affected in any way.

The Act makes additional provisions relating to price control of agricultural commodities. In establishing a ceiling (1) for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of the Act and for which different areas have different periods of marketing during such season or (2) for any agricultural commodity produced for the same general use as a commodity described in (1), due consideration shall be given to affording equitable treatment to all producers of the commodity for which the ceiling is being established. Also, appropriate allowance or adjustment shall be made in the ceiling price of any agricultural commodity or product produced in whole or in substantial part therefrom for a substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors that result from hazards occurring in connection with the production and marketing of the agricultural commodity. It is further provided that the minimum ceiling price for a product produced in whole or in substantial part from

an agricultural commodity shall be a price that will reflect (1) to the producers of the commodity, a price equal to the minimum ceiling price for the commodity, and (2) to the processors, a fair and equitable margin for processing.

Contracts with the government for the purchase of processed chickens or turkeys shall contain a provision, when price ceilings are in effect, that the contractor represents that the contract price is based upon an estimated price paid to the producers for the live fowls, and that the contract price shall be reduced coextensively with the amount by which the actual producer price was less than the estimated price.

It is unlawful to sell or deliver any material or service or to pay any wage in contravention of the Act or any regulation thereunder relating to price or wage stabilization. It is also unlawful for any person to buy or receive in business any such material or service or for any employee to receive any wage in contravention of the Act or any regulation thereunder. No person, however, may be required to make sales or to perform personal services. A willful violator is subject to a fine of not more than $10,000 or imprisonment for not more than one year, or both. All persons are excused from damages or penalties for any act or failure to act as a result of compliance with any order issued pursuant to the Act, even though such order may later be declared by competent authority to be invalid. The non-business buyer of a material or service may sue the seller on account of overcharge, and the United States may bring such an action where the buyer fails, or is not entitled, to bring action.

No other court than the Emergency Court of Appeals (and the Supreme Court on certiorari to the Emergency Court of Appeals) may consider the validity of price regulation. The jurisdiction of the Emergency Court of Appeals is invoked to review the administrative denial of a protest. It is provided, however, that the defendant in any enforcement proceeding, civil or criminal, may obtain leave to file a protest in the Emergency Court of Appeals, and upon the granting of such leave the defendant is entitled to stay of the proceeding. He is likewise entitled to stay in case a protest is already properly pending before the agency or under review in such court. The stay in a civil proceeding may only be granted upon application within five days after judgment, and shall be accompanied by injunction against further violations during the period of stay.

The provisions of the Act relating to advisory committees and small business enterprises, the obtention of information for the purpose of administration and enforcement, and the disclosure of confidential information, are the same for price and wage stabilization as for priorities and allocations.

Consumer Credit, Real Estate Construction Credit and Government Real Estate Credit

The Act provides for the regulation of consumer credit by the Board of Governors of the Federal Reserve System and of real estate construction credit by the President. The President may utilize the services of the Board of Governors of the Federal Reserve System, Federal Reserve Banks, and any other agencies, Federal or state, in the regulation of real estate construction credit. Real estate construction credit is credit given by private lenders, and is broadly defined, with new construction meaning that which is begun after August 3, 1950. Lenders may be required to keep records and make reports, and the records are subject to examination. Registration of lenders, or credit transactions, subject to suspension after notice and opportunity for hearing, may also be required. A willful violator of any regulation relating to consumer credit or real estate construction credit is subject to a fine of not more than $5,000 or imprisonment for not more than one year, or both. Provision is also made for regulation by the President of loans on real estate made, insured, or guaranteed by the government, including wholly-owned and mixed ownership government corporations, with preservation, however, of the relative credit preferences now accorded to veterans.

The Executive Order delegates authority over real estate construction credit to the Board of Governors of the Federal Reserve System, subject to the concurrence of the Housing and Home Finance Administrator in any regulation involving residential property, and delegates to the said Administrator authority to regulate government credit on real estate involving residential property, subject to the requirement that the Administrator shall see that the restrictions imposed on real estate construction credit are made applicable to the fullest extent practicable to government credit on real estate involving residential property.

The provisions of the Act relating to advisory committees and small business enterprises, the obtention of information for the purpose of administration and enforcement, and the disclosure of confidential information, are the same for credit regulation as for priorities and allocations.

Voluntary Agreements

The President is empowered to accomplish the objectives of the Act through approved voluntary programs, and nothing done by any person under a voluntary program approved by the President will come within the prohibitions of the anti-trust laws or the Federal Trade Commission Act. A copy of each request for a voluntary program shall be furnished the Attorney General and the Chairman of the Commission, and the request must be published in the Federal Register unless publication is determined by the President to endanger the national security.

The authority of the President over voluntary programs may be delegated to Senate-confirmed officials of the government, but any delegation to effectuate voluntary programs for priorities and allocations may be made only to a single official. The delegate of the President must consult with the Attorney General and the Chairman of the Commission not less than ten days before making any request for, or finding under, a proposed voluntary program, and the request must be approved by the Attorney General before the making thereof.

The functions relating to voluntary programs are delegated in the Executive Order to the Secretaries of Agriculture, Interior and Commerce and the Commissioner of Interstate Commerce Commission, respectively, according to the designation of materials and facilities set forth in that part of the Executive Order delegating functions relating to priorities and allocation, except that the Secretary of Commerce is the sole delegate for the effectuation of voluntary programs for priority and allocation purposes. The power to effectuate voluntary programs relating to finance is delegated to the Board of Governors of the Federal Reserve System and with respect to stabilization to the Economic Stabilization Administrator. The Executive Order contains no authority to redelegate except in the matter of consultation with interested persons looking to the adoption of a voluntary program.

The provisions of the Act relating to advisory committees and small business enterprises, obtention of information for the purpose of administration and enforcement, and disclosure of confidential information, are the same for voluntary programs as for priorities and allocations.

This description of the provisions of the Defense Production Act of 1950 is not intended as an interpretation of the statute in its applicability to specific situations. A careful study of the relevant provisions of the statute will be necessary in the solution of particular problems as they arise.

July 19, 1950	H. R. 9176 was introduced by Rep. Spence and was referred to the House Committee on Banking and Currency. Print of the bill as introduced.
	S. 3936 was introduced by Senator Maybank and was referred to the Senate Committee on Banking and Currency. Print of the bill as introduced. (Companion bill).
July 20, 1950	Print of an amendment to S. 3936 proposed by Senator Thye.
July 21, 1950	Print of an amendment to S. 3936 proposed by Senator Johnson.
July 24, 1950	Hearings: House, H. R. 9176.
	Hearings: Senate, S. 3936. and Supplement.
July 28, 1950	House Committee reported H. R. 9176 with amendments. House Report 2759. Print of the bill as reported.
July 31, 1950	House Rules Committee reported H. Res. 740 for the consideration of H. R. 9176. House Report 2763.
	Print of an amendment to S. 3936 proposed by Senator Byrd.
August 1, 1950	Senate inserted the President's letter urging passage of S. 3936.
	House began debate on H. R. 9176 and agreed to H. Res. 740.
August 2, 1950	H. R. 9308 was introduced by Rep. Kunkel and was referred to the House Committee on Banking and Currency. Print of the bill as introduced. (Similar bill).
	H. R. 9314 was introduced by Rep. Spence and was referred to the House Committee on Banking and Currency. Print of the bill as introduced. (Similar bill).
	House continued debate on H. R. 9176.
August 3, 1950	House continued debate on H. R. 9176.
August 4, 1950	House continued debate on H. R. 9176.
August 7, 1950	Hearings: Senate, supplemental, S. 3936.
	Senate Committee reported S. 3936 with amendments. Senate Report 2250. Print of the bill as reported.
August 8, 1950	Prints of amendments to S. 3936 proposed by Senator Maybank.
August 9, 1950	Senate began debate on S. 3936.
	House continued debate on H. R. 9176.
	Prints of amendments to S. 3936 proposed by Senator Maybank.

August 10, 1950	Senate continued debate on S. 3936.
	House concluded debate and passed H. R. 9176 with amendments by a vote of 383-12.
	Prints of amendments to S. 3936 proposed by Senators Capehart, Frear, and McClellan.
August 11, 1950	Senate continued debate on S. 3936.
	Prints of amendments to S. 3936 proposed by Senators Byrd, Capehart, Robertson, Johnson, Fulbright, Taft, and Bricker.
	Print of H. R. 9176 as passed the House.
August 14, 1950	Senate continued debate on S. 3936.
	Prints of amendments to S. 3936 proposed by Senators Williams and Dworshak.
August 15, 1950	Senate continued debate on S. 3936.
	Prints of amendments to S. 3936 proposed by Senators Ferguson, Maybank, Sparkman, Taft, Wherry, and Williams.
August 16, 1950	Senate continued debate on S. 3936.
	Prints of amendments to S. 3936 proposed by Senators Holland, Kem, and Wherry.
August 17, 1950	Senate continued debate on S. 3936.
	Prints of amendments to S. 3936 proposed by Senators Capehart, Fulbright, Hunt, Saltonstall, Ives, Kem, Maybank, and O'Mahoney.
August 18, 1950	Senate continued debate on S. 3936.
	Prints of amendments to S. 3936 proposed by Senators Fulbright, Wherry, Williams, Maybank, and Millikin.
August 21, 1950	Senate concluded debate and passed H. R. 9176 with amendments, by a vote of 85-3. Action on S. 3936 indefinitely postponed. Senate conferees appointed.
	Print of H. R. 9176 with the amendments of the Senate.
August 22, 1950	House conferees appointed.
August 28, 1950	Senate changed one conferee.
August 31, 1950	House received the conference report. House Report 3042.
September 1, 1950	Both houses agreed to the conference report.
September 8, 1950	Approved. Public Law 774.

81ST CONGRESS
2D SESSION

H. R. 9176

IN THE HOUSE OF REPRESENTATIVES

JULY 19, 1950

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, divided into titles, may be cited as the "Defense Production Act of 1950".

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Title I. Priorities and allocations.
Title II. Authority to requisition.
Title III. Expansion of productive capacity and supply.
Title IV. Control of credit and commodity speculation.
Title V. General provisions.

DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and

effectively, the requirements of military and other programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense: *Provided,* That this authority shall not be used to ration at the retail level consumer goods for household or personal use.

SEC. 102. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

TITLE II—AUTHORITY TO REQUISITION

SEC. 201. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, and (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall be paid 50 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000; in any district court of the United States

within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be related to efforts or under-

takings on the part of the United States or an agency thereof which are designed to meet the necessities of the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations, as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or

otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 302. To assist in carrying out the objectives of this Act, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises for the expansion of capacity, the development of technological processes, or the production of essential materials. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision for purchases

of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

(b) Purchases and commitments to purchase and sales under subsection (a) may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

(b) Any corporation created under this section—

(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to Act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said Act.

(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out

its functions under this title: *Provided,* That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the obligations of any corporation hereunder.

TITLE IV—CONTROL OF CREDIT

Subtitle A—Consumer and Real Estate Credit

Sec. 401. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer and real estate credit as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this subtitle or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider among other factors, (1) the level and trend of consumer and real estate credit

and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

(b) No person shall extend or maintain any credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time or from time to time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The re-

quirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

(d) To assist in carrying out the purposes of this subtitle, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(e) For the purposes of this subtitle, unless the context

otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, and accounting terms, insofar as any such definitions are not inconsistent with the provisions of this subtitle:

(1) "Consumer credit" means credit which the obligor undertakes to pay in two or more payments, or any other credit: *Provided,* That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any accessory insurance service connected with any such goods or any interest therein.

(2) "Real estate credit" means credit secured, either wholly or partly, by real property (including leasehold and other interests therein) ; credit for the purpose of purchasing or carrying such property or constructing buildings or otherwise improving such property; and credit involving a right to acquire or use such property.

(3) "Credit" means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(4) "Person", in addition to the definition given it by section 502 (a) of this Act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the criminal penalties of this subtitle shall not be applicable to the United States, any State, or other governmental agency or instrumentality.

SEC. 402. To assist in carrying out the objectives of this Act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

SEC. 403. The first sentence of section 5A of the Federal Home Loan Bank Act, as added by section 1 of the Act of June 27, 1950 (Public Law 576, Eighty-first Congress), is amended to read as follows: "No member

of a Federal home-loan bank shall make or purchase any loan at any time when its cash and obligations of the United States are not equal to such amount as the Home Loan Bank Board shall by regulations prescribe: *Provided*, That such amount shall not be less than 4 per centum or more than 20 per centum of the obligation of the member or withdrawable accounts or, in the case of any member insurance company, such other base as the Board may determine to be comparable."; and the last sentence of said section 5A is amended to read as follows: "This section shall be effective upon the enactment of the 'Defense Production Act of 1950'."

SUBTITLE B—COMMODITY SPECULATION

SEC. 411. The Commodity Exchange Act, as amended (42 Stat. 998; 49 Stat. 1491; 52 Stat. 205; 54 Stat. 1059), is further amended by inserting at the end of section 4a the following:

"(5) (A) Whenever the President determines that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations or unwarranted changes in the price of any commodity, he may prescribe rules and regulations governing the margin to be required with respect to the purchase or sale of any such commodity for future delivery, or the maintenance of

a position resulting from such purchase or sale, on or subject to the rules of any board of trade, whether or not designated as a contract market under section 5 of this Act.

"(B) It shall be unlawful for any person to buy or sell, or accept orders for the purchase or sale of any such commodity for future delivery, subject to the rules of any board of trade, or maintain or carry a position resulting from such purchase or sale, unless margin funds or securities are deposited and maintained in compliance with the rules and regulations promulgated under this paragraph (5). No floor broker shall be deemed to have violated this paragraph (5) with respect to any transaction in connection with which he has acted solely in the capacity of floor broker.

"(C) All money, securities, or property deposited as margin shall be handled by the person receiving such margin in compliance with the requirements of section 4d (2), regardless of whether such person is a futures commission merchant as defined in this Act and, for the purpose of this provision, the term 'contract market', as used in section 4d (2), shall be deemed to mean board of trade.

"(D) It shall be unlawful for any person to engage in soliciting or accepting orders for the purchase or sale of any commodity for future delivery on any board of trade, whether or not such board of trade is designated as a contract market, unless such person shall keep a record in writing showing

the date, the parties to such contracts and their addresses, the commodity covered and its price, the terms of delivery, and the amount and kind of margin deposited. Such record shall be kept for a period of three years from the date of the transaction and shall at all times be open to the inspection of any representative of any agency of the United States designated for the purpose by the President.

"(E) For the purposes of subparagraph (5) the term 'commodity' shall mean, in addition to those commodities specifically mentioned in section 2 (a) of this Act, any other agricultural or forest product or byproduct.

"(F) For the efficient execution of the provisions of this paragraph (5), the provisions of section 21 of the Securities Exchange Act of 1934 (48 Stat. 899), as amended, are made applicable to the jurisdiction, powers, and duties of the President in administering and enforcing the provisions of this paragraph (5) and to any person subject thereto.

"(G) Sections 4a and 4i of the Act are extended and made applicable to any commodity as defined in (E) above, and for the purposes of this subparagraph (5) the term 'contract market' as used in sections 4a and 4i shall be deemed to mean Board of Trade."

SEC. 412. Section 407 of the Agricultural Act of 1949 (Public Law 439, Eighty-first Congress) is hereby amended

by adding the following sentence at the end thereof: "Notwithstanding any other provision of this section, whenever the President so directs, sales of any commodity owned or controlled by the Commodity Credit Corporation may be made at the current support price for such commodity, when such support price is not below the market price, for the purpose of stabilizing the market, including the discouragement and prevention of undue speculation, fluctuation, and enhancement in price, and for the purpose of meeting unusual demand."

TITLE V—GENERAL PROVISIONS

SEC. 501. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) in the formation of any business advisory committees under this Act, consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical

areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

SEC. 502. As used in this Act—

(a) The word "person" shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

SEC. 503. The President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Government and may authorize such redelegations by that officer or Agency as the President may deem appropriate. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219),

as the President deems necessary to carry out the provisions of this Act.

SEC. 504. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of this Act.

SEC. 505. (a) The President shall be entitled, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority.

(b) No person shall be excused from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand

jury or in any court proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided,* That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such

person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

SEC. 506. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any

such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act.

SEC. 507. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to title II of this Act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title II of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and con-

ditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 508. (a) No act or omission to act requested by the President, and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General not less than ten days before making any request or finding thereunder.

(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 509. The functions exercised under this Act shall be excluded from the operation of the Administrative Pro-

cedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

SEC. 510. The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

SEC. 511. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

SEC. 512. This Act and all authority conferred hereunder shall terminate June 30, 1952, or until such earlier time as the Congress by concurrent resolution or the President may designate.

81ST CONGRESS
2D SESSION

H. R. 9176

A BILL

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

By Mr. SPENCE

JULY 19, 1950
Referred to the Committee on Banking and Currency

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DIVISION OF LEGISLATIVE REPORTS
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81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

JULY 19 (legislative day, JULY 1), 1950

Mr. MAYBANK introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, divided into titles, may be cited as "The Defense Production Act of 1950".

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Title I. Priorities and allocations.
Title II. Authority to requisition.
Title III. Expansion of productive capacity and supply.
Title IV. Control of credit and commodity speculation.
Title V. General provisions.

DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively, the requirements of military and other programs

in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense: *Provided,* That this authority shall not be used to ration at the retail level consumer goods for household or personal use.

SEC. 102. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

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SEC. 201. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, and (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall be paid 50 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district

court of the United States within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation.

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SEC. 301. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed

by the guaranteeing agency to be related to efforts or undertakings on the part of the United States or an agency thereof which are designed to meet the necessities of the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations as

he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 302. To assist in carrying out the objectives of this Act, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises for the expansion of capacity, the development of technological processes or the production of essential materials. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

(b) Purchases and commitments to purchase and sales under subsection (a) may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments,

agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

(b) Any corporation created under this section—

(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said Act.

(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out its functions under this title: *Provided,* That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and

the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the obligations of any corporation hereunder.

TITLE IV—CONTROL OF CREDIT

Subtitle A—Consumer and Real Estate Credit

Sec. 401. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer and real-estate credit as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form, and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this subtitle or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider, among other factors, (1) the level and trend of consumer and real-estate credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

(b) No person shall extend or maintain any credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time or from time

to time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

(d) To assist in carrying out the purposes of this subtitle, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks,

and any other agencies, Federal or State, which are available and appropriate.

(e) For the purposes of this subtitle, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, and accounting terms, insofar as any such definitions are not inconsistent with the provisions of this subtitle:

(1) "Consumer credit" means credit which the obligor undertakes to pay in two or more payments, or any other credit: *Provided,* That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any accessory insurance service connected with any such goods or interest therein.

(2) "Real estate credit" means credit secured, either wholly or partly, by real property (including leasehold and other interests therein) ; credit for the purpose of purchasing or carrying such property or constructing buildings or other-

wise improving such property; and credit involving a right to acquire or use such property.

(3) "Credit" means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(4) "Person", in addition to the definition given it by section 502 (a) of this Act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the criminal penalties of this subtitle shall not be applicable to the

United States, any State, or other governmental agency or instrumentality.

SEC. 402. To assist in carrying out the objectives of this Act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

SEC. 403. The first sentence of section 5A of the Federal Home Loan Bank Act, as added by section 1 of the Act of June 27, 1950 (Public Law 576, Eighty-first Con-

gress), is amended to read as follows: "No member of a Federal home-loan bank shall make or purchase any loan at any time when its cash and obligations of the United States are not equal to such amount as the Home Loan Bank Board shall by regulations prescribe: *Provided,* That such amount shall not be less than 4 per centum or more than 20 per centum of the obligation of the member or withdrawable accounts or, in the case of any member insurance company, such other base as the Board may determine to be comparable."; and the last sentence of said section 5A is amended to read as follows: "This section shall be effective upon the enactment of the 'Defense Production Act of 1950'."

SUBTITLE B—COMMODITY SPECULATION

SEC. 411. The Commodity Exchange Act, as amended (42 Stat. 998; 49 Stat. 1491; 52 Stat. 205; 54 Stat. 1059), is further amended by inserting at the end of section 4a the following:

"(5) (A) Whenever the President determines that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations or unwarranted changes in the price of any commodity, he may prescribe rules and regulations governing the margin to be required with respect to the purchase or

sale of any such commodity for future delivery, or the maintenance of a position resulting from such purchase or sale, on or subject to the rules of any board of trade, whether or not designated as a contract market under section 5 of this Act.

"(B) It shall be unlawful for any person to buy or sell, or accept orders for the purchase or sale of any such commodity for future delivery, subject to the rules of any board of trade, or maintain or carry a position resulting from such purchase or sale, unless margin funds or securities are deposited and maintained in compliance with the rules and regulations promulgated under this paragraph (5). No floor broker shall be deemed to have violated this paragraph (5) with respect to any transaction in connection with which he has acted solely in the capacity of floor broker.

"(C) All money, securities, or property deposited as margin shall be handled by the person receiving such margin in compliance with the requirements of section 4d (2), regardless of whether such person is a futures commission merchant as defined in this Act and, for the purpose of this provision, the term 'contract market', as used in section 4d (2), shall be deemed to mean board of trade.

"(D) It shall be unlawful for any person to engage in soliciting or accepting orders for the purchase or sale of

any commodity for future delivery on any board of trade, whether or not such board of trade is designated as a contract market, unless such person shall keep a record in writing showing the date, the parties to such contracts and their addresses, the commodity covered and its price, the terms of delivery, and the amount and kind of margin deposited. Such record shall be kept for a period of three years from the date of the transaction and shall at all times be open to the inspection of any representative of any agency of the United States designated for the purpose by the President.

"(E) For the purposes of subparagraph (5) the term 'commodity' shall mean, in addition to those commodities specifically mentioned in section 2 (a) of this Act, any other agricultural or forest product or byproduct.

"(F) For the efficient execution of the provisions of this paragraph (5), the provisions of section 21 of the Securities Exchange Act of 1934 (48 Stat. 899), as amended, are made applicable to the jurisdiction, powers, and duties of the President in administering and enforcing the provisions of this paragraph (5) and to any person subject thereto.

"(G) Sections 4a and 4i of the Act are extended and made applicable to any commodity as defined in (E) above,

and for the purposes of this subparagraph (5) the term 'contract market' as used in sections 4a and 4i shall be deemed to mean board of trade."

SEC. 412. Section 407 of the Agricultural Act of 1949 (Public Law 439, Eighty-first Congress) is hereby amended by adding the following sentence at the end thereof: "Notwithstanding any other provision of this section, whenever the President so directs, sales of any commodity owned or controlled by the Commodity Credit Corporation may be made at the current support price for such commodity, when such support price is not below the market price, for the purpose of stabilizing the market, including the discouragement and prevention of undue speculation, fluctuation, and enhancement in price, and for the purpose of meeting unusual demand."

TITLE V—GENERAL PROVISIONS

SEC. 501. (a) It is the sense of the Congress that small business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enter-

prises and concerning the activities of the various departments and agencies under this Act;

(ii) in the formation of any business advisory committees under this Act, consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

SEC. 502. As used in this Act—

(a) The word "person" shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

SEC. 503. The President may delegate any power or

authority conferred upon him by this Act to any officer or agency of the Government and may authorize such redelegations by that officer or agency as the President may deem appropriate. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act.

SEC. 504. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of this Act.

SEC. 505. (a) The President shall be entitled, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the au-

thority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority.

(b) No person shall be excused from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided,* That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a persons' books, records, or other

documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction be fined not more than $10,000 or imprisoned for not more than one year, or both.

SEC. 506. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this Act

to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act.

SEC. 507. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to title II of this Act, notwithstanding that any such rule, regulation, or order shall thereafter be

declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title II of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 508. (a) No act or omission to act requested by the President, and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General not less than ten days before making any request or finding thereunder.

(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 509. The functions exercised under this Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

SEC. 510. The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

SEC. 511. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for

such period as may be specified in the Acts making such funds available.

SEC. 512. This Act and all authority conferred hereunder shall terminate June 30, 1952, or until such earlier time as the Congress by concurrent resolution or the President may designate.

81ST CONGRESS
2D SESSION

S. 3936

A BILL

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

By Mr. MAYBANK

JULY 19 (legislative day, JULY 1), 1950

Read twice and referred to the Committee on Banking and Currency

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

JULY 20, 1950

Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. THYE to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: At the end of the bill add the following new section:

SEC. . Section 4 of the Reconstruction Finance Corporation Act (15 U. S. C., sec. 604) is amended by adding at the end thereof the following new subsection:

"(i) In order to aid the Government of the United States in its national defense and security program, and to strengthen the national economy, the Corporation is

authorized and directed to make loans to any private enterprize organized or operating under the laws of any State of the United States, for the development, production, and better utilization in the continental United States of iron ore (including taconite ore or iron formation), manganese, chromite, copper, lead, zinc, bauxite, aluminum, synthetic-liquid fuel, fertilizer, or other minerals important to the national defense and valuable to the national economy, including the construction of industrial facilities for the production and beneficiation thereof and transportation and shipping facilities therefor. Any such loan shall have a maturity not exceeding thirty years and may be repayable on a unit-of-production basis. The Corporation is authorized to accept, in lieu of a previous history of operation of a prospective borrower under this subsection, a showing that management will be in the hands of experienced business and technical personnel adequate to insure sound management, and the Corporation, in determining whether any loan under this subsection shall constitute a reasonable risk, is authorized to accept the opinion of the United States Bureau of Mines with respect to probable mineral reserves. No loan shall be made under this subsection unless the Attorney General shall have certified that the granting of such loan will not create, or tend to create, monopolistic conditions, practices, and restraints."

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. THYE to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

JULY 20, 1950

Referred to the Committee on Banking and Currency and ordered to be printed

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

JULY 21 (legislative day, JULY 20), 1950
Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. JOHNSON of Colorado to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: At the proper place in the bill insert the following:

(e) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes, or improvements to plants, factories, and other industrial facilities now owned by the United States Government.

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. JOHNSON of Colorado to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

JULY 21 (legislative day, JULY 20), 1950
Referred to the Committee on Banking and Currency and ordered to be printed

81st Congress } HOUSE OF REPRESENTATIVES { Report
2d Session } { No. 2759

DEFENSE PRODUCTION ACT OF 1950

July 28.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. Spence, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany H. R. 9176]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 9176), to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, having considered the same, report favorably thereon with an amendment, and recommend that the bill as amended to pass.

The amendment strikes out all after the enacting clause of the introduced bill, and inserts an amendment in the nature of a substitute. The text of the matter inserted appears in italic type in the bill herewith reported to the House.

General Statement

The President's message to the Congress of July 19, 1950, reported on the situation in Korea and presented his views concerning the significance of these events for this Nation and for the world. In the words of the President the significance of Korea is, "The free world has made it clear, through the United Nations, that lawless aggression will be met with force." He pointed out that the United States must increase its military strength and preparedness not only to deal with the aggression in Korea but also to increase our common defense, with other free nations, against further aggression and that the steps that must be taken will necessarily have repercussions upon our economy. He urged prompt action to insure that the increased national-defense needs will be met and that our economic strength

which is at the base of our security is not impaired, but continues to grow.

In his Midyear 1950 Economic Report, the President outlined the duty of government in the following language:

> A primary duty of Government is "to provide for the common defense." In fulfilling this responsibility, the test is not how far we can go without placing strain upon the domestic economy or without creating inflationary pressures. We must go as far as changing circumstances may require. In the final analysis, there are no limits except our total strength to guide us in our determination to resist aggression and thus to strive for peace.
>
> The question remains as to how much of our total economic strength must be shifted from peacetime production to defense purposes in the current situation. On the basis of searching study of the best information now available, I have recommended to the Congress the substantially increased programs which should now be undertaken to resist aggression and further to build up our preparedness. I have also indicated that other programs will be needed.
>
> The realities of the current situation now require certain changes in national economic policy. These changes will take us in the right direction at once. And if the situation should become even more serious later on, the measures which I now propose for the current situation are also the measures which would make us more ready for further steps.
>
> Appropriate agencies of Government have for several years been preparing the detailed plans for these further steps, if and when needed. If it should become necessary, I shall without hesitation ask the Congress for the grant of the powers to implement these further plans, whether for complete economic mobilization or for further intermediate action depending upon the need.

* * * * * * *

Four of the five titles of the bill under consideration implement changes in national economic policy which the President believes are required. These are priority and allocation authority, authority to requisition, provision for expansion of productive capacity and supply, and control of consumer and real-estate credit and commodity speculation. The fifth title of the bill contains general provisions relating to the authority granted and provides for termination of all such authority June 30, 1952, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate.

Because of the paramount importance of expediting the bill, hearings were limited to testimony from officials of the executive branch. The following witnesses appeared before the committee: W. Stuart Symington, Chairman of the National Security Resources Board, Charles Sawyer, Secretary of Commerce, and R. M. Evans, representing the Board of Governors of the Federal Reserve System. In addition Gen. Omar Bradley, Chairman of the Joint Chiefs of Staff, appeared before the committee in executive session. Individuals and organizations were afforded an opportunity to submit statements of their views for incorporation in the record.

Your committee believes that in any appraisal of our present economic picture, two facts stand out clearly. One is the fundamental soundness of our position. Never in our history have we been so strong, has our national product been so high, has the diversity of employment, plant location, and sources of supply been so extensive.

The President in his message referred to our current total output of goods and services of almost $270 billions a year. He referred also to the 61½ million people now in civilian employment and to our huge production of steel, electric power, and food. American plant capacity was expanded greatly during World War II. In the 5 years since 1945 American business has built and added to its productive facilities

$115 billions of new plants and equipment. Our over-all capacity to produce has been increased by 40 percent since 1940.

The Secretary of Commerce in his testimony before the committee outlines the general productive and supply position of our economy.

Our supplies of steel, nonferrous metals, lumber, rubber, coal, oil, and transportation are far greater than for the period prior to World War II. In 1940, we were dependent completely upon natural rubber for the production of rubber products. Today, we have a synthetic rubber industry capable of rapid expansion and now producing substantial quantities.

In 1940, our outlook for adequate oil supplies was unfavorable. Today, the domestic and Western Hemisphere reserve producing capacity, together with refining capacity to process the oil, is adequate to meet foreseeable needs.

Our transportation system has a far greater capacity than prior to World War II. Locomotives and freight car capacity exceeds prewar levels. Private and commercial vehicle registrations in 1949 were 36 percent greater than the 1939–41 average. In the 1939–41 period, American-flag vessels in the overseas trade totaled 563 with a gross tonnage of 3,400,000. We have, including reserve fleets, more than five times as many ships with a gross tonnage proportionately greater. Our oil gathering and trunk pipelines are 22 percent greater than prewar.

General industrial machinery capacity is two and one-half times larger than prewar. In machine tools, present production is utilizing only one-half of the capacity available.

Not only do we have a vast addition to our plant capacity and productive capacity, but it is better distributed than in 1940. The shift of population to the West has been accompanied by a shift in industry locations. The movement of plants toward the west coast has made it easier to operate in the Pacific than was true in 1940 and 1941.

We have thousands of airfields, shipyards, and other facilities available for use whose building in the early forties required not only a vast number of man-hours but tremendous quantities of steel, cement, and other basic materials. Most of the additional productive facilities which World War II required are available to be converted, if conversion proves to be necessary, without the drain on critical materials which was required to construct these plants in 1940, 1941, and 1942.

The second clear fact is that in spite of these considerations we are at the moment faced with certain grim problems. Much of the capacity available is now being fully used. There are already some shortages of materials, and our economy is operating at a very high tempo. The peacetime demand by businessmen and consumers has been due to confidence in our future. The recent increase in demand in certain areas is undoubtedly due to fear. While we should be reassured by the basic facts mentioned, we should do what we can to allay the fear which causes panic buying, and we should at the same time be prepared to discipline those who are trying to take advantage of that fear.

Even now there are signs, as represented by price movements, that the problems raised by increased consumer demand, by an expanded military program and by an accelerated and expanded stockpile program, are already upon us.

Consumer purchasing as shown by retail sales reached a record high in June. In the last 3 weeks further increases of retail purchases have occurred.

Business purchasing was also stepped up within the past 3 months to support a rising volume of production and sales. Nonfarm business increased its book value of inventories by more than 6 billion dollars at an annual rate, during the second quarter of this year. Expenditures on new plant and equipment also increased during the quarter, and, together with record rates of housing construction, have resulted in a peak volume of national production.

The bill reported by your committee provides for dealing with the situation in two principal ways. The first, by channeling needed materials into production for the national defense and the second, by providing authority through the exercising of credit controls to reduce consumer demand for goods and materials needed for the national defense. At the same time the bill also provides authority through a system of loans and loan guaranties for increasing the production of materials required to support an increased defense program and also provides authority for the procurement of metals and minerals for stockpiling and other defense purposes.

PRIORITIES, ALLOCATIONS, AND AUTHORITY TO REQUISITION

Titles I and II of the bill would provide the means for a direct and specific approach to the problem of channeling materials and equipment in accordance with our national objectives. Title I would authorize the President to assign priorities and to allocate materials and facilities. It would provide that the authority shall not be used to ration at the retail level consumer goods for household or personal use. In all other respects, the powers that would be granted are broad and flexible. They would include the power to issue orders stopping or reducing the production of any item; orders to prohibit the use of a material for a particular purpose or for anything except a particular purpose; and orders to prohibit the accumulation of excessive inventories. They would authorize the President to require filling certain orders in preference to other orders, or requiring the acceptance and performance of particular orders. Where limited action would be required to accomplish the necessary purpose, limited action could be taken. As far as possible the action to be taken could be limited to the immediate objective. Our productive and distributive system is so complex that authority which did not permit this flexibility would be likely either to prove insufficient or to do more harm than good. Title II would give the President authority to requisition. This power is needed only as a stand-by device, to insure that persons who hoard excessive quantities of materials and refuse to make them available could be compelled to do so. Full provision would be made, of course, for the payment of just compensation.

The power to requisition is a drastic exercise of the sovereign power. The committee is desirous of reducing to the minimum the effect of requisitioning upon the public. Provisions have therefore been inserted, requiring that the authority cannot be exercised unless the President has been unable to obtain the property on fair and reasonable terms, requiring the President to give the former owner the oppor-

tunity to reacquire the property at its then fair value, when it is no longer needed for the national defense, and providing for payment of 75 percent (instead of 50 percent as provided in the bill as introduced) of the value as determined by the President, when the former owner does not accept the amount so determined and wishes to have the amount of compensation determined by a court.

It is the committee's intention that the determination of value by the President be made as soon as feasible after the requisitioning, and that the former owner be given an opportunity, where feasible, to present evidence as to the value of the property, and that prompt payment be made of the 75 percent of the amount determined by the President when the former owner is not satisfied by the award and wishes to have the amount determined in court.

Your committee was informed by the representatives of the executive branch of the Government that the power to allocate will be utilized immediately in regard to steel and other metals in short supply. The importance of metals in our economy is well known. Most of our important metals are in tight supply and the increased demands can be met only with difficulty. Some of the important ones will require governmental action to make certain the supply is distributed in accordance with our needs. While for security reasons it would be unwise to disclose in great detail our position on these metals, a few categories demonstrate why the situation calls for certain controls.

First, let us consider steel which is the backbone of our economy. This industry is of paramount importance both in peace and in war. War needs of steel are obvious; in peacetime there are 44,000 steel fabricators and 10,000 other users of steel who enter the market. Steel consumers range from the very small machine shop, through home construction, to such consumers as the automobile manufacturers. Any diversion of steel out of the civilian market inevitably affects many consumers, and may result in inequities and severe hardships. Although the industry has expanded greatly in the last decade and is still expanding, capacity cannot be expanded overnight.

From 1940 to 1945 the iron and steel industry increased its ingot capacity by 17 percent, or some 15,000,000 tons. This increase in ingot capacity was accompanied by additional rolling mill, forging, and casting capacities, with all the auxiliary equipment, needed to bring out the required finished iron and steel products.

At the close of the war there was a total capacity of about 95 million tons. Some of this tonnage was overage and, while it served well in the war effort, it was inefficient for peacetime operations. Hence, 4 million tons of capacity were dismantled, leaving a total capacity of 91 million tons. From this level, the country's total equipment for making crude steel has risen to 100,563,000 tons as of July 1, 1950, and recently the American Iron and Steel Institute announced that the industry is planning a further increase in capacity of 5 million tons by the end of 1952.

In appraising the current supply-demand situation, comparison may be made with 1948, the first postwar year during which steel shortages ended. Steel inventories of the steel-consuming industries were built up in the last quarter of 1948, when steel shipments exceeded steel consumption for the first time in the postwar period.

The May–June 1950 rate of steel production exceeded the 1948 rate by about 12 percent. There was, however, a marked change in dis-

tribution. Consumption increased 95 percent in the automotive industry, 22 percent in construction, and 52 percent in the refrigerator industries. Shipments to freight-car builders declined 76 percent and to agriculture 20 percent. Exports decreased 43 percent.

The lack of serious steel shortage in the May-June 1950 period was the result of the much larger and better inventories held by the steel-consuming industries. But even before the invasion of Korea the upsurge in consumption of steel began to eat into the inventories held by the steel-consuming industries. The rush of orders that followed the Korean incident has greatly aggravated this situation. The military program will require heavy tonnages of steel. The impact of this will vary depending upon the types of products required.

Another illustration of a metal important to the national economy and which is of especial importance to the national defense, and with which the House is familiar, is tin. On Tuesday, July 25, 1950, less than 5 days ago, the House passed S. 3666 which provided for a 5-year extension of the operation of the Texas City tin smelter. That smelter, owned by the Government and the only tin smelter of any productive importance in the Western Hemisphere, supplied our economy during the war and postwar period with the major portion of our tin requirements. Its continued operation will assist in securing supplies for our production and stockpile needs.

Our copper industry has greatly increased its refining and fabricating capacity since the 1939–41 period and we now have idle capacity which would be put into operation. We have, however, a problem in obtaining adequate supplies of ores and concentrates to feed our refining capacity. The estimated supply of metal available in 1950 will be about 1,500,000 tons, of which 500,000 tons will be imported. Based on current experience, however, distribution—or disappearance from the market—of copper will be about 1,800,000 tons, and over the year this excess of distribution over supply could only be accomplished by drawing down stocks. Stocks of refined copper are now at low working levels. We must anticipate that for many months ahead neither the supplies of ores and concentrates, nor the imports of refined metal, can be significantly increased. Even without the addition of a new program for military purposes, and without the addition of an accelerated stockpile program, the heavy demands for copper, combined with the low level of working stocks, would mean that supply would be inadequate and consumers would meet increasing difficulty in obtaining supplies. The expanded military and stockpile programs will of necessity reduce the amount available for civilian use, and will create shortages and hardships to industries dependent on this important material.

Today our aluminum industry is operating 70 percent more capacity than was in operation in December 1941. All World War II plants that are now economical to operate are running at the present time. Other existing plants could be reactivated, over a period of several months, but electric power must be made available. On the basis of present practical capacity, it is estimated that supply available in 1950, including imports from Canada and supply from secondary sources, will be 1,075,000 tons, of which domestic ingot capacity will supply 600,000 tons. Based upon experience thus far this year, the distribution of more than a million tons will approximate our total available supplies. Working stocks fell from the beginning of the

year, indicating that consumption during the first two quarters was at a level slightly above the available supply. It is thus clear that the imposition of an expanded military program, or of an accelerated stockpile program, or both, inevitably means that past and current civilian demands cannot be met in full.

In the case of each of these metals there is an increased capacity and in each there is also greatly increased demand, for the military and other programs, or for stockpiling. This increase will inevitably cut down on the supply available to industry generally, with consequent dislocations. The same situation is present, to a greater or lesser extent, in the case of many other materials, such as many chemicals, petroleum, and in the case of many kinds of equipment.

EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

Title III would authorize the President to provide for financial assistance in the expansion of productive capacity and supply of essential materials by three different methods.

Section 301 of the bill would authorize the President to reinstitute a guaranty program similar to the V-loan program operated by the Federal Reserve System during World War II. The proposed program would be confined to the guaranty by the national defense procurement agencies of loans made by banks and other financial institutions to contractors to finance the production of defense materials needed by the United States in the present emergency.

The financing problems of contractors engaged in defense production, particularly where they are small and medium size, are unique in character. The loan guaranty mechanism here proposed provides an effective solution of these problems. Contracts for essential defense materials often require much larger financing by contractors than they are able to command under ordinary financing practices. It can make possible maximum participation by numerous smaller business enterprises in the Government's defense production program, particularly those who do not themselves have direct Government contracts but whose work as subcontractors is essential for prompt performance on the larger prime contracts. It can also make practical the awarding of more Government contracts, requiring unusually large working capital or expansion in plant and facilities, directly to relatively small and medium-size concerns. Without such financing these concerns would not be able to make a full contribution to defense production. Finally, where great speed is essential in the performance of Government contracts, the mechanism can serve to expedite the consummation of loans with a promptness which is not always possible under usual procedures.

The loan guaranty proved to be an eminently successful means of encouraging the extension of private credit for facilitating production under Government contracts during World War II. The guaranty program of that period—the so-called V-loan program referred to earlier—was instituted under Executive order of the President in March 1942. Under that program, loans for war production were guaranteed by the armed services through the agency of the Federal Reserve System. The 12 regional Federal Reserve banks and 24 branches, with experienced personnel and close daily contacts with financial institutions, afforded an already existing and well-adapted

organization for making such guaranties promptly available to contractors throughout the country. The Board of Governors in Washington acted as the coordinating agency in the administration of the program.

During the course of the V-loan program, bank loans to war contractors, both large and small, amounting to about $10½ billion were approved for guaranties. Over 90 percent of the number and one-third of the amount of these guaranties were on loans to small and medium-size businesses; that is, businesses with total assets of less than $5 million. Notwithstanding the great volume of loans handled, the program was self-supporting; receipts of the Treasury from the program exceeded expenses and losses by $23 million by the end of 1949. Without the program, the production of war materials would have required more Government financing through direct lending and other means.

The committee believes that the authority contained in this section of the bill for the establishment of similar machinery for the making of guaranteed loans is an essential part of the over-all program of the Government for expediting deliveries under defense production contracts.

Section 302 of the bill gives the President authority to provide for loans to private business enterprises for the expansion of capacity, the development of technological processes or the production of essential materials. Such loans may be made on such terms and conditions as the President deems necessary with the exception that other financial assistance for such purposes must be unavailable on reasonable terms.

Such authority is not as broad as that previously given the Reconstruction Finance Corporation under the provisions of the act approved June 25, 1940 (amending sec. 5–d of the Reconstruction Finance Corporation Act). Under that authority the RFC was not alone authorized to make loans but also to purchase the capital stock of any corporation for plant construction, expansion and equipment, and working capital, to be used by the Corporation in the manufacture of equipment and supplies necessary to the national defense. These loans increased the productive capacity of the country in providing steel, aviation gasoline, alcohol, synthetic rubber, jewel bearings and many other essential materials and supplies. Approximately $981 million of such business loans were made by the RFC during World War II.

The authority conferred upon the RFC under the above-mentioned section 5–d also included authority for the RFC when requested by the Federal Loan Administrator, with the approval of the President, to organize a corporation or corporations to acquire and carry strategic and critical materials as defined by the President. In the field of strategic and critical materials purchases were made of 50 different critical materials from 51 foreign countries, 38 States in the United States and Alaska and the Philippines. Section 303 of this bill would provide similar purchase authority in that the President could make provision for purchases of metals, minerals and other raw materials, including liquid fuels, for Government use and resale.

For the purposes of the loan and procurement authorities provided in the sections 302 and 303 of the bill the President would be authorized to utilize the Reconstruction Finance Corporation and such other departments, agencies, officials or corporations of the Government as

he may deem appropriate, or to create new corporations under prescribed powers and limitations. Any corporation established or utilized for such purposes would be authorized to borrow from the Treasury of the United States but the total amount of such borrowings outstanding at any one time for such purposes would be limited to $2 billion.

CONTROL OF CREDIT AND COMMODITY SPECULATION

Section 401 of title IV of the bill would authorize the President to regulate consumer and real estate credit. Under such authority minimum down payments on purchases, maximum maturities, and other standards appropriate to limit credit extension could be prescribed. The committee amended this section to make it clear that the authority to regulate credit only would apply to credit extended subsequent to the issuance of the regulations authorized. Section 402 of the bill would strengthen the President's authority to curtail Federal financing programs in the housing field when the national interest so requires. The committee regards these as important provisions of the proposed legislation.

Consumer credit regulations were administered by the Board of Governors of the Federal Reserve System from September 1941 through October 1947 and again from September 1948 through June 1949.

Such regulations as might be necessary in the real estate credit field under section 401 would be designed to meet the special needs of this area. They would serve the same general purpose as consumer credit controls by restricting demand for housing and other construction and thus freeing materials used in buildings which are required in the defense effort. At the same time they would prevent the use of mortgage or other real estate as an avenue of obtaining credit to purchase those consumer goods, the demand for which is necessary to be curtailed. The committee included a provision (sec. 401 (e)) which provides that in the imposition of restrictions on real estate credit for home construction no restriction shall discriminate in favor of Government loans or Government insured or guaranteed loans as against conventional loans either with respect to required down payments, maturities, or otherwise.

Authority for restrictions on consumer and real estate credit should be provided for use to the extent necessary as an essential part of the program for conserving resources for defense and protecting the economy against inflation. This authority would help to prevent current and potential demand from exceeding supply in the areas affected. Accordingly, it would help to reduce inflationary pressure upon prices in these areas. It would help to make materials and manpower more readily available for the national defense and military effort, including the materials and manpower necessary to expand our total productive capacity.

The present international situation not only increases greatly the Government's demand for the goods and services of our economy, but at the same time accelerates private demand. These two additional factors of demand are imposed on a condition of already very high demand, employment, and prices. Even before the attack by the Communist North Koreans on June 25, prices were rising and we

were in a potentially inflationary situation. Because of developments of the past few weeks, it is imperative that steps be taken to reduce or defer civilian demands and to lessen inflationary pressures.

The state of public psychology has already stimulated consumer buying and the accumulation of business inventories. In the week ending July 15, department store sales rose to a level 24 percent above a year ago, with increases ranging from 12 percent in the Richmond district to 39 percent in the Dallas district. Sales of automobiles and houses have risen to record levels.

Prices of 28 basic commodities, which had risen 7 percent from January 3 of this year to June 23, advanced sharply after the invasion of South Korea—10 percent in 1 month. The all-commodity index of wholesale prices, which had risen 4 percent by June 20, has since jumped 3 percent further. Consumer prices began to rise in March and recently the advance has been further accelerated. Consumer prices are now higher than at any other time, except for a short period in the latter part of 1948.

Unless prompt action is taken, the country will face serious problems of gray markets and spiraling prices. Not only would this situation upset our economic balance but it would add to the difficulty in procuring the manpower and materials necessary for the military effort.

One of the major factors in the expansion of private demand is the growth of mortgage and consumer credit. Since the end of 1945 consumer credit has been increasing by about $3 billion a year. The increase in the past 12 months was $3.5 billion and in May was almost $500 million, the largest increase on record for that month. This was before the Korean crisis precipitated the present buying spree.

The most important segment of total consumer credit is installment credit, especially for the purchase of durable goods. During the past year installment credit rose nearly $3 billion and accounted for 83 percent of the increase in total consumer credit. The role which installment credit has been playing in the growth of demand is illustrated not only in the amount of the expansion but also by the relaxation in the terms under which such credit is extended. Reports of declines in the required down payment are widespread and the average period of repayment has lengthened progressively.

The current record rate of residential construction involves the greatest increase in mortgage credit which the country has ever experienced. Home mortgages made by all lenders in the first half of 1950 amounted to about $6½ billion or at an annual rate of $13 billion.

The net increase in mortgage debt outstanding during the first half of 1950 (after regular amortization and other repayments) was about $3 billion, bringing the total outstanding on June 30 to about $40 billion. The home mortgage debt of this country has more than doubled since the end of the war.

Expansion of consumer and mortgage credit contributes not only to the current demand for labor and materials that go into housing and durable consumer goods, but also augments the demand for all other goods. The purchasing power created by consumer and mortgage credit enters the income stream where it adds to the competition for goods, including materials vital to the national defense.

Growth of consumer and mortgage credit increases the volume of money and other liquid assets. Expansion of bank loans for such

purposes adds to the growth of bank deposits. Bank holdings of both consumer installment paper and mortgage paper are rising rapidly and are thus adding to the total supply of money which is already so large in relation to current output as to provide a constant inflationary threat. Restriction of consumer and mortgage credit, therefore, would help to keep within bounds the quantity of money and other liquid assets in the hands of the public.

In normal times consumer and mortgage credit play a very important and desirable role in our economic system. Without such credit widespread home ownership and mass distribution of durable goods would not have been possible. If our mass-production economy is to sustain its expansive character in normal times, we will need to have expansion of mortgage and consumer financing. However, in order that such financing may be of greatest value it is important that it be used most fully when industry is in a position to meet the demands created. When industry is already occupied to capacity and important resources must be diverted to the defense effort, the creation of new credit cannot increase the general availability of goods. On the contrary it contributes to inflation and economic disorganization. If mortgage and consumer credit is appropriately limited now it will be in a better position to play a necessary and desirable role whenever adequate productive capacity is once more available to meet freely consumer demands.

Section 411 would strengthen the regulation of speculative trading on the commodity futures markets by amending the Commodity Exchange Act in several respects.

Section 4a of the Commodity Exchange Act provides authority for fixing limits on the commodity futures trading and positions of individual speculators. Such limits tend to restrict the speculative trading of large operators. They are not effective with respect to the mass trading of the thousands of small speculators.

The most effective means of curbing excessive speculation in the commodity futures markets is by granting authority to establish margin requirements for speculative accounts. This can be accomplished without impairing the hedging facilities of the futures markets. Minimum margin requirements on the commodity exchanges are fixed by the exchanges themselves, and customarily range from 6 to 13 percent, as compared with the present 50-percent requirement on the securities exchanges, established by the Board of Governors of the Federal Reserve System.

There can be no justification for unrestrained speculation during the current emergency. Authority to establish trading and position limits and minimum margin requirements on speculative commodity futures transactions should extend to all agricultural and forest commodities in which futures trading is conducted.

Section 411 of the bill would amend the Commodity Exchange Act to provide authority for the regulation of margin requirements on any board of trade for speculative transactions and commitments in any agricultural or forest commodity or product or byproduct thereof. Such authority would be conferred with respect not only to the commodities enumerated in section 2 (a) of the Commodity Exchange Act but also to commodities not now covered such as coffee, cocoa, sugar, wool, hides, rubber, apples, pepper, and onions.

Authority also would be conferred to establish limits on the speculative futures trading and commitments of individual speculators in any agricultural or forest commodity, product, or byproduct.

To make margin regulation and speculative trading limits effective with respect to commodities not covered by the present provisions of the act, provision would be made for necessary reporting, record-keeping, inspection of records, and subpena. Protection of margin deposits with respect to commodities now covered by the act, through segregation of customers' funds, would be extended to all agricultural and forest commodities in which futures trading is conducted.

In connection with consideration of this section of the bill, the chairman of the committee received a letter from the Secretary of Agriculture expressing his understanding of the intent of the proposed provisions. As will be noted in this letter the Secretary suggested that doubt as to the application of the provisions to other than futures transactions of a speculative nature could be resolved by inserting the qualifying word "speculative" in three appropriate places in the section. This suggestion was followed by the committee and in addition a proviso was incorporated specifically exempting bona fide hedging transactions from any rule or regulation issued under this section. The letter of the Secretary of Agriculture follows herewith:

DEPARTMENT OF AGRICULTURE,
Washington, July 26, 1950.

Hon. BRENT SPENCE,
Chairman, Committee on Banking and Currency,
House of Representatives, Washington, D. C.

DEAR MR. SPENCE: This is in response to your inquiry concerning section 411 of subtitle B of title IV of H. R. 9176.

The purpose of section 411 is to prevent excessive speculation in the commodity futures markets during the current emergency. The need for immediate curbs is obvious. Since the outbreak of hostilities in Korea there have been sharp advances in prices and heavy increases in volume of trading in the futures markets. Cotton, soybeans, and cottonseed oil are among the war-sensitive products which have been immediately affected.

The most directly effective means of curbing war-scare speculation, short of closing the markets, is to increase the amount of margin which speculators must deposit. Present minimum margin requirements on commodities are wholly in the hands of the exchanges and the rates are uniformly low. It is possible to speculate in all of the more important commodities with down payments averaging from 6 to 13 percent. It is obvious that such rates attract speculators away from the securities markets where 50 percent margin is required.

The stabilizing effect of adequate margin deposits has been tested for more than 15 years in the security markets and this beneficial effect would undoubtedly apply equally to commodity speculation. There need be no fear that some reduction in commodity speculation would handicap merchandisers and processors in their use of the market for price-protection purposes. The volume of speculation is definitely far beyond that needed for the purpose of facilitating actual marketing. Detailed analyses of trading on the more important futures markets have shown that approximately 95 percent of the trading on one of the cotton markets was speculative and that 80 to 90 percent of the trading in wheat, corn, and soybeans was speculative.

Soybeans represent the most current example of the effect of undesirable speculation. This speculation has resulted in such erratic price movements that actual soybeans have been selling recently in Chicago at 6 to 8 cents below the futures price. Nothing could more clearly demonstrate the artificial character of the futures quotations. Soybean processors have complained bitterly to the Department in recent weeks that the market was not only useless for hedging but that the character of the speculation taking place was causing such erratic price gyrations that legitimate merchandisers and processors were suffering heavy losses.

We understand it has been suggested that subtitle B of title IV would authorize margin control over hedging transactions as well as speculative trades and therefore, is broader than other bills to amend the Commodity Exchange Act, now pending (H. R. 4685; S. 1751). It would seem clear from the language of proposed paragraph (5) (A), which would be added by section 411 of the bill, that the intent is to authorize the regulation of margin requirements on speculative trading only. Any margin regulations administered by the Department would be applied accordingly. To resolve all doubt on this score, however, we would suggest that the bill be amended as follows:

Page 17, line 23, strike out "purchase or sale", and insert in lieu thereof, "speculative purchase or speculative sale".

Page 18, line 1, strike out "a position" and insert in lieu thereof "a speculative position".

With these clarifying amendments it would seem clear that no authority would be conferred by section 411 of subtitle B of H. R. 9176 beyond that which would be granted by H. R. 4685 and S. 1751.

Sincerely yours,

CHARLES F. BRANNAN,
Secretary.

GENERAL PROVISIONS

Title V contains a number of general provisions designed to facilitate execution of the provisions of the act.

In a time of shortages and actual or threatened inflation small-business enterprises frequently find themselves at a serious disadvantage. They cannot so easily hire expediters to get scarce materials, and often cannot easily convert to essential work in a defense economy. Small businesses cannot so easily follow the Government regulations which are issued at such a time. In order to minimize the hardships to small-business enterprises, section 501 of the bill requires that full information concerning activities under the bill be made available, that advisory committees be appointed on which small enterprises are represented, that feasible exemptions for small enterprises be granted, and that provisions be made for special handling of applications by small businesses.

In order to carry out any defense program, a great deal of information as to inventories, production, and requirements will be needed. Section 505 therefore provides for record-keeping and reporting requirements. Provisions are made to prevent undue duplication and harassment in these requirements, and to safeguard the confidentiality of the information submitted. The usual provision is made to protect against improper self-incrimination.

The experience of World War II has shown that voluntary cooperation on the part of industry can accomplish much to promote the national defense, where protection is given against the danger of prosecution under the antitrust laws and the Federal Trade Commission Act. Section 508 of the bill contains such an exemption for acts taken at the request of the President. However, in view of the possibility that such voluntary programs might involve activities inconsistent with free competition, or might establish patterns of conduct which would continue after the expiration of the authority granted under the bill, provision is made for consultation with the Attorney General before action is taken under this section, and the committee has amended the section to make it clear that the immunity provided does not extend beyond the duration of the act. It is the understanding and intention of the committee that full consideration be given to small business enterprises in connection with any such program.

Regulation of the Nation's economy on the scale contemplated under the bill must be carried out with full knowledge and appreciation of the complexity and interrelations of our economy. Otherwise the intended results may not be accomplished, and instead much harm to the economy, and to the defense effort, may result. The advisory committees provided for under section 501 will give assistance to this end. In addition, the committee has also inserted a provision in section 510 (b), which would authorize the President to employ persons of outstanding experience and ability without compensation, and to waive certain statutes which might otherwise be construed as subjecting these employees to criminal penalties. This would enable these men to continue to draw their salaries from their former employers, and to retain pension rights with their companies. The committee recognizes the danger that such persons may be placed in a position where their loyalty to their former employer might conflict with their responsibility to the Government and the public. The committee places its reliance in the President to safeguard the interests of the public, first by making a wise selection of persons for such employment, and second by issuing regulations which would reduce to a minimum the extent to which these conflicts of loyalties may arise.

Other Changes of the Committee Amendment

The committee amendment strikes out two sections of the bill, as introduced, namely, section 403 and section 412. Section 403 would amend the Federal Home Loan Bank Act, as amended, to provide for an increase in the reserves authorized to be imposed on members of the Home Loan Bank System. In Public Law 576, approved June 27, 1950, the Congress made provision for the first time for authority to impose reserves for such member institutions. The reserves authorized to be imposed on any such institution under Public Law 576 are an amount equivalent to 4 to 8 percent of the member institution's obligations on withdrawable accounts. Such amount must be kept by a member institution in the form of cash or Government obligations. In view of the fact that the committee and the Congress has so recently acted upon the matter of reserve requirements for member institutions of the Home Loan Bank System, the committee was of the opinion that an increase in the maximum reserve requirements was not necessary at this time. Since these institutions for the most part are authorized to make only real-estate loans, the committee is of the opinion that any contraction of real-estate credit will automatically reflect itself in the reserves of such institutions.

Section 412 of the bill, as introduced, would have authorized the President to direct the Commodity Credit Corporation, notwithstanding the provision of any other law, to sell its stocks at the current support price provided that such support price was not below the market price. Under the provisions of existing law which are applicable to the sale of commodities owned or controlled by the Commodity Credit Corporation, the Commodity Credit Corporation is authorized to sell basic and nonbasic storable commodities at a price not less than the current support price plus 5 percent, plus reasonable carrying charges. It is the considered opinion of the committee that the provisions of section 412 are not necessary.

Explanation of the Committee Amendment by Titles and Sections

Section 1

This section provides that the act may be cited as the "Defense Production Act of 1950," and also contains a table of contents.

Section 2

This section contains a declaration of policy, setting forth the reasons why the proposed legislation is necessary and stating its objectives.

TITLE I—PRIORITIES AND ALLOCATIONS

Section 101

This section authorizes the President to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders by any person he finds to be capable of their performance. It also authorizes the President to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense. However, use of the allocation power to ration at the retail level consumer goods for household or personal use is expressly prohibited.

The provisions of this section are patterned on provisions which were contained in title III of the Second War Powers Act, 1942 (56 Stat. 176). The two significant differences are as follows: First, the allocation provision in the Second War Powers Act permitted the rationing of consumer goods at the retail level, a power denied by this section. Second, under the provision in the Second War Powers Act the exercise of the allocation power was limited by the necessity for a finding that fulfillment of requirements for the defense of the United States "will result in a shortage in the supply" of the material or facilities being allocated, whereas under this section the authority may be exercised upon a finding that the action is necessary or appropriate to promote the national defense. Experience during World War II demonstrated the need for this change.

Section 102

This section provides for a fine of not more than $10,000 or imprisonment for not more than 1 year, or both, in the case of any willful violation of this title or any rule, regulation, or order thereunder. The same penalty was provided for in the Second War Powers Act.

TITLE II—AUTHORITY TO REQUISITION

Section 201

This title authorizes the President to requisition certain property (that is, equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacturing, servicing, or operation of such equipment, supplies, or parts) urgently needed for the national defense, or the use of such property, when he is unable to acquire the property involved, or the use thereof, as the case may be, on fair and reasonable terms. Just compensation, as determined by the President

in accordance with the fifth amendment of the Constitution, must be paid for any property or the use thereof so requisitioned or, if the person entitled to compensation does not accept as full payment the amount so determined, he shall promptly be paid 75 percent of that amount, and may recover, in a suit against the United States, whatever additional amount is required to provide just compensation. Before disposing of any property (other than fungible property or property valued at less than $1,000) requisitioned under this title, the President is required, to the extent feasible and practicable, to give the former owner an opportunity to reacquire it.

This title is patterned on an act approved October 16, 1941 (55 Stat. 742), as amended by the Second War Powers Act. The principal differences between this title and the earlier act are as follows: (1) Requisition power under the earlier act could be exercised only with respect to "military or naval" equipment, supplies, and component parts; (2) the earlier act did not authorize requisitioning of any "facilities"; (3) under the earlier act, where the amount determined by the President to be just compensation was not accepted as full payment, only 50 percent of that amount was paid pending settlement of the dispute in court; (4) the earlier act did not provide, as this title does, that if the amount involved exceeds $10,000 suit must be brought in the Court of Claims; and (5) the earlier act contained certain restrictions on the requisition of firearms, and as tatement that the act should not be construed to impair or infringe the right of any individual to keep and bear arms, whereas these two provisions are not included in this title, the first because it would unnecessarily restrict the President's power under the title, and the second because the Constitution itself protects this right.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

Stated generally, this title, containing sections 301 to 304, provides methods to make possible the expansion of productive capacity and an increase in the supply of essential materials. The general statement at the beginning of this report shows a comparison of the authority granted under this title with that exercised under previous similar authority.

Section 301

Subsection (a) provides that, in order to expedite production and deliveries under Government contracts, the President may authorize agencies of the United States engaged in procurement to guarantee loans made by public or private financial institutions to contractors or other persons for defense purposes. The President may authorize such agencies to make such guaranties without regard to laws relating to the making, performance, amendment or modification of contracts.

Subsection (b) authorizes any Federal agency or any Federal Reserve Bank, when designated by the President, to act as fiscal agent to carry out such guaranties, and provides for the utilization of funds of the guaranteeing agency to meet all expenses and losses incurred.

Subsection (c) authorizes the President to supervise the operations of such fiscal agents, and he is further authorized to prescribe rates of interest, fees and other charges and to issue regulations governing uniform procedures applicable to such guaranties.

Subsection (d) authorizes the use by guaranteeing agencies, for purposes of this section, of any funds appropriated or allocated, or otherwise available, to them for national defense purposes.

Section 302

This section gives the President authority to provide for loans (including participations in loans) to private business enterprises for the expansion of capacity, the development of technological processes or the production of essential materials. Such loans may be made on such terms and conditions as the President deems necessary, except that such financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

Section 303

Subsection (a), to assist in carrying out the objectives of the act, authorizes the President to make provision for purchases or commitments to purchase such metals, minerals and other raw materials, including liquid fuels for Government use or for resale.

Subsection (b) removes the procurement restrictions of other laws and permits the President to make advance payments and prescribe other terms and conditions deemed necessary. The use of premium payments, however, is expressly confined to those cases in which the supply of essential materials cannot be obtained at lower prices or in which the purchases are necessary to assure availability to the United States of overseas supplies.

Subsection (c) provides that the power to purchase includes the power to transport and store, and to have processed and refined any materials procured under this section.

Section 304

Subsection (a) authorizes the President, for the purposes of sections 302 and 303, to utilize the Reconstruction Finance Corporation and other agencies of the Government or to create and use new corporations.

Subsection (b) sets out the general powers of the corporations which may be newly formed under this section. Life of such corporations is limited to June 30, 1952, except for purposes of liquidation.

Subsection (c) provides that any corporation established or utilized pursuant to this section may borrow from the Treasury of the United States such sums as may be necessary to carry out its functions under this title, but the amount borrowed by all such corporations may not exceed an aggregate of $2,000,000,000 outstanding at any one time. Obligations of such corporations are to be issued to the Secretary of the Treasury for purposes of such borrowing. In purchasing such obligations the Secretary is authorized to use as a public-debt transaction the proceeds from the sale of securities issued under the Second Liberty Bond Act, as amended.

TITLE IV—CONTROL OF CREDIT

SUBTITLE A—CONSUMER AND REAL-ESTATE CREDIT

Section 401

This section provides authority for the regulation of consumer credit and real-estate credit, and sets forth the standards to guide the exercise of that authority.

The requirements of the regulations issued under this section would apply primarily to the person extending the credit—the dealer who sells the automobile, the finance company that buys the paper or makes the loan, etc.

The various subsections of section 401 are summarized below:

Subsection (a): To assist in carrying out the purposes of the act, the President would be authorized to prescribe regulations from time to time which, in his judgment, are necessary in order to prevent or reduce the excessive or untimley use of, or fluctuations in, consumer credit and real-estate credit. Any such regulation may apply only to credit extended after such regulation is prescribed.

The regulations may prescribe such matters as the kind or kinds of consumer or real-estate credit to be regulated, maximum loan or credit values, minimum down payments, maximum maturities and amounts of credit, and rules against any credit in specified circumstances. Rules also may be prescribed regarding consolidations, renewals, revisions, transfers, or assignments of credit, and regarding other similar or related matters. Persons or transactions may be appropriately classified. The regulations, in addition, may include such administrative provisions as are reasonably necessary to effectuate the purposes or to prevent evasions of the authority so established.

The regulations may be changed or suspended by the President from time to time in order to take account of changing conditions. But, in either prescribing, changing or suspending the regulations, the President is required to consider, among other factors, (*a*) the level and trend of consumer and real-estate credit and the various kinds thereof, (*b*) the effect of the use of such credit upon (1) purchasing power and (2) demand for real property and improvements thereon and for other goods and services, and (*c*) the need in the national economy for the maintenance of sound credit conditions.

Subsection (b): This subsection prohibits conduct contrary to the regulations prescribed under this section. It also provides that persons subject to such regulations shall make, keep, and preserve such records and related matters, and make such reports, as may be necessary or appropriate to an effective administration of the consumer credit and real-estate credit provisions of the bill. In addition, provision is made for periodic or other examinations or inspections which may be reasonably necessary or appropriate to an effective administration of such authority.

Subsection (c): This subsection provides that any person who willfully violates any provision of section 401 or section 402 or any regulation or order thereunder shall, upon conviction, be fined not more than $5,000 or imprisoned not more than 1 year or both. The maximum criminal penalties provided in the statute pursuant to which consumer credit was previously regulated were $10,000 fine or 10 years' imprisonment, or both.

Subsection (d): Under this subsection, persons, transactions, or classes of persons or transactions subject to this subtitle may be licensed or required to be registered. This is not an automatic requirement but one which may be included in the regulations prescribed by the President. Such a requirement will be not only of material assistance in enforcement but also a valuable source of information as to such matters as the number of persons or the volume of trans-

actions of the kind or kinds that are subject to regulation. The subsection also provides for the suspension of any required license or registration for violation of the subtitle or regulations prescribed thereunder. This could be done only after notice and opportunity for hearing; and any person whose license or registration is suspended would be entitled to court review of the suspension order under the judicial review provisions of the Securities Exchange Act of 1934 which are made applicable to any suspension order under this subsection.

Subsection (d) also provides that in carrying out the authority granted to him by this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

Subsection (e): Provision is made in this subsection that in the imposition of restrictions on real estate credit for home construction no restriction shall discriminate in favor of Government loans or Government insured or guaranteed loans as against private lenders either with respect to percentage of value or maturity or otherwise.

Subsection (f): This subsection defines certain basic terms used in the law.

The term "consumer credit" is defined to mean "credit which the obligor undertakes to pay in two or more payments, or any other credit." This includes both installment and noninstallment credit. However, the following are exempted from the definition: (1) any credit to finance or refinance the purchase or construction of any entire building, either residential or nonresidential; (2) any credit extended to a business enterprise solely to finance the purchase of goods for resale; or (3) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any accessory, insurance, or service connected with any such goods or any interest therein.

The term "real-estate credit" is defined to mean credit secured, either wholly or partly, by real property; credit for the purpose of purchasing or carrying real property or construction buildings or otherwise improving real property; and credit involving a right to acquire or use real property. It is made clear that "real property" wherever used in this definition, includes a leasehold and other, interests in real property.

The term "credit" is defined broadly and at length, the purpose being to include any credit, any form of credit, or any arrangement which, in effect, constitutes credit. Only through a comprehensive definition can regulations be made effective and equitable.

The definition of "person" includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, as well as the entities or business forms or groups specified in the definition of "person" contained in section 502 (a) of the bill. However, the criminal penalties of subsection 4 (c) do not apply if the "person" is the United States, any State, or other governmental agency or instrumentality.

This subsection also provides that the regulations issued under this section may further define the above terms and, in addition, may de-

fine technical, trade and accounting terms. This permits sufficient flexibility to meet problems that may now be unforeseen; but any such definition by regulation may not be inconsistent with the provisions of the law.

Section 402

This section establishes authority to restrict or suspend Federal loan or credit assistance programs the operations of which may be contrary to the purposes of the bill. Thus, the President, in order to carry out the objectives of the bill, is authorized to require a scaling down of any Federal program for the insurance or guarantee of real estate loans, or the scaling down or complete suspension of Federal real estate loan programs. However, such action may be taken only upon a determination by the President that it is necessary in the public interest, after considering its effect on the building industry and the national economy and the needs for increased defense production. The President is also required to give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

SUBTITLE B—COMMODITY SPECULATION

Section 411

This section adds a new paragraph 5, containing subparagraphs (A) through (G), to section 4a of the Commodity Exchange Act.

Subparagraph (A) would provide that upon determination by the President that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations in price of any commodity, he may prescribe regulations as to margin for speculation purchase or speculative sale of such commodity for future delivery on any board of trade. Bona fide hedging transactions are specifically exempted from such control.

Subparagraph (B) would provide that buying, selling, or accepting orders for purchase or sale of such commodity for future delivery is unlawful unless margin funds or securities are deposited and maintained in compliance with rules and regulations promulgated under this paragraph. A floor broker acting solely in that capacity shall not be deemed a violator of this paragraph.

Subparagraph (C) would provide that money, securities, or property deposited as margin for transactions on any board of trade shall be handled in compliance with the provisions of section 4d (2) of the Commodity Exchange Act, which section relates to protection to customers against commingling of funds and investment of funds deposited as margin.

Subparagraph (D) would provide that it is unlawful for any person to engage in soliciting or accepting orders for purchase or sale of a commodity for future delivery on any board of trade, unless such person keeps written records of such transactions, which shall be kept for 3 years from date of each transaction, and open at all times to inspection by any duly designated Government representative.

Subparagraph (E) would provide that for the purposes of paragraph (5) the term "commodity" shall include any agricultural or forest product or byproduct.

Subparagraph (F) would make the provisions of section 21 of the Securities Exchange Act of 1934, as amended (relating to investiga-

tions, injunctions, and prosecution of offenses), applicable for administering and enforcing this paragraph 5.

Subparagraph (G) would make applicable to any board of trade and any commodity, as defined in subparagraph (E), the provisions of sections 4a and 4i of the Commodity Exchange Act. These sections respectively relate to restrictions on excessive speculation and the reporting of positions in excess of authorized limits.

TITLE V—GENERAL PROVISION

Section 501

This section expresses the policy of encouraging the participation of small business firms in programs authorized by this act. It provides for furnishing to small business enterprises full information concerning the activities under the act of Government agencies. It also provides for such exemptions for small firms as are feasible, and for special procedures designed to expedite their applications, requests, and appeals relative to such participation.

This section further provides that such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, and orders issued under the act, and that in their formation consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry.

Section 502

This section defines, for the purposes of the act, the terms "persons" and "materials."

Section 503

This section provides that any power or authority conferred upon the President by this act may be delegated and (upon authorization by the President) redelegated to any officer or agency of the Government. Personnel to carry out the purposes of this act are authorized without regard to section 14 (the "personnel ceilings" provision) of the Federal Employees Pay Act of 1946.

Section 504

This section authorizes the President to make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of the act, and provides that any regulation or order may contain such classifications and differentiations, and provides for such adjustments and reasonable exceptions as the President deems necessary or proper in effectuating the purposes of the act.

Section 505

Subsection (a) provides that the President may, while the act is in effect and for a period of 2 years thereafter, by regulation, subpena, or otherwise, obtain information, require reports, require the keeping of records, make inspections of books, records, and other writings, premises or property of, and take the sworn testimony of, such persons as may be necessary or appropriate in his discretion, to the enforcement or administration of the act and the regulations or orders thereunder. He is required to issue regulations insuring that such authority will be utilized only after the scope and purpose of the investigation,

inspection, or inquiry to be made have been defined by competent authority.

Subsection (b) provides that no person shall be excused from complying with requirements under this section or from testifying or producing evidence in obedience to a subpena for any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this act on the ground that the testimony or evidence required may tend to incriminate him or subject him to a penalty or forfeiture. This requirement is coupled with a provision to insure immunity from any penalty or forfeiture in any judicial proceeding, State or Federal, on account of any transaction, matter, or thing concerning which such person is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence. Exception is made in the case of a natural person committing perjury in so testifying. It is provided that the immunity so granted shall not be construed to vest in any individual any of certain specified rights with respect to priorities, allocations, or other benefits under this act.

Subsection (c) deals with the places at which a person may be required to produce documentary evidence. It also provides that witnesses shall be paid the same fees and mileage as are paid witnesses in the courts of the United States.

Subsection (d) relates to the treatment of confidential information obtained pursuant to this section and provides for penalties for willful violations of the subsection.

Section 506

This section grants to district courts of the United States and to courts of Territories or other places subject to the jurisdiction of the United States, jurisdiction of violations of this act or regulations prescribed thereunder and of civil actions brought to enforce the act or such rules or regulations. The section specifies the districts in which actions may be brought and contains provisions as to service of process and service of subpenas. It also provides that the termination of any title or section of the act, or of any rule, regulation, or order issued thereunder shall not affect any suit, action, or prosecution which is based upon a right, liability, or offense incurred or committed prior to the termination date of such title, or such rule, regulation, or order.

Section 507

This section provides an exemption from damages or penalties which might result from compliance with rules, regulations, or orders issued under title I. This section also prohibits discriminations against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I or any rule, regulation, or order issued thereunder.

Section 508

This section provides that no act or omission to act which occurs while this act is in effect, if requested by the President and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act. It is provided that copies of

such requests shall be furnished to the Attorney General and shall be published in the Federal Register unless, in the opinion of the President, publication would endanger the national security. It is further provided that the authority granted under the provisions above referred to shall not be delegated to more than one official of the Government, who will be required to consult with the Attorney General concerning each request. Such requests may be withdrawn, and the immunity provided for by this section will not be applicable to a subsequent act or omission by reason of such request.

Section 509

This section exempts the functions exercised under this act from the Administrative Procedure Act, except the requirements of section 3 thereof. Such section 3 relates to the publication of rules, opinions, and orders and to making official records available to persons properly and directly concerned.

Section 510

Subsection (a) authorizes the President, to the extent he deems it necessary or appropriate, to carry out the provisions of this act, to place positions and employ persons in grades 16, 17, and 18 of the general schedule established by the Classification Act of 1949, in addition to the number now permitted. Under present law a limit of 400 is established on the number of positions which may be placed in such grades.

Subsection (b) authorizes the President, in carrying out the provisions of this act, to employ persons of outstanding experience and ability without compensation. He is granted authority to provide for the exemption of such persons from the operation of certain specified provisions of Federal law.

Section 511

This section contains an authorization for appropriations necessary to carry out the provisions of this act. It provides that funds so appropriated may be allocated or transferred for any of the purposes of the act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out the act.

Section 512

This section contains a separability provision.

Section 513

This section fixes June 30, 1952, as the date on which this act and all authority conferred thereunder shall terminate, but provides that the act and the authority thereunder shall terminate at such earlier time as the Congress by concurrent resolution, or the President by proclamation, may designate.

Changes in Existing Law

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

Section 5A of the Federal Home Loan Bank Act

Sec. 5A. No member of a Federal [Home Loan Bank] *home-loan bank* shall make or purchase any loan at any time when its cash and obligations of the United States are not equal to such amount as the Home Loan Bank Board shall by regulations prescribe: *Provided,* That such amount shall not be less than 4 per centum or more than [8] *20* per centum of the obligation of the member [on] *or* withdrawable accounts or, in the case of any member insurance company, such other base as the Board may determine to be comparable. The Board is authorized in said regulations to prescribe from time to time different amounts, within the limitations hereinbefore specified, for different classes of member institutions, and for such purposes the Board is authorized to classify such members according to type of institution, size, location, rate of withdrawals, or such other basis or bases of differentiation as the Board may deem to be reasonably necessary or appropriate for effectuating the purposes hereof. Failure to comply with the provisions hereof shall constitute ground for removal from membership. This section shall be effective [six months after the date of its enactment.] *upon the enactment of the "Defense Production Act of 1950".*

Section 4a of the Commodity Exchange Act

Sec. 4a. (1) Excessive speculation in any commodity under contracts of sale of such commodity for future delivery made on or subject to the rules of contract markets causing sudden or unreasonable fluctuations or unwarranted changes in the price of such commodity, is an undue and unnecessary burden on interstate commerce in such commodity. For the purpose of diminishing, eliminating, or preventing such burden, the commission shall, from time to time, after due notice and opportunity for hearing, by order, proclaim and fix such limits on the amount of trading under contracts of sale of such commodity for future delivery on or subject to the rules of any contract market which may be done by any person as the commission finds is necessary to diminish, eliminate, or prevent such burden. Nothing in this section shall be construed to prohibit the commission from fixing different trading limits for different commodities, markets, futures, or delivery months, or different trading limits for buying and selling operations, or different limits for the purposes of subparagraphs (A) and (B) of this section, or from exempting transactions commonly known to the trade as "spreads" or "straddles" or from fixing trading limits applying to such transactions different from trading limits fixed for other transactions.

(2) The commission shall, in such order, fix a reasonable time (not to exceed ten days) after the order's promulgation; after which, and until such order is suspended, modified, or revoked, it shall be unlawful for any person—

(A) directly or indirectly to buy or sell, or agree to buy or sell, under contracts of sale of such commodity for future delivery on or subject to the rules of the contract market or markets to which the order applies, any amount of such commodity during any one business day in excess of any trading limit fixed for one business day by the commission in such order for or with respect to such commodity; or

(B) directly or indirectly to buy or sell, or agree to buy or sell, under contracts of sale of such commodity for future delivery on or subject to the rules of any contract market, any amount of such commodity that shall result in giving such person a net long or net short position at any one time in or with respect to any such commodity in excess of any trading limit fixed by the commission for net long or net short position in such order for or with respect to such commodity.

(3) No order issued under paragraph (1) of this section shall apply to transactions which are shown to be bona fide hedging transactions. For the purposes of this paragraph, bona fide hedging transactions shall mean sales of any commodity for future delivery on or subject to the rules of any board of trade to the extent that such sales are offset in quantity by the ownership or purchase of the same cash commodity or, conversely, purchases of any commodity for future delivery on or subject to the rules of any board of trade to the extent that such purchases are offset by sales of the same cash commodity. There shall be included in the amount of any commodity which may be hedged by any person—

(A) the amount of such commodity such person is raising, or in good faith intends or expects to raise, within the next twelve months, on land (in the United States or its Territories) which such person owns or leases;

(B) an amount of such commodity the sale of which for future delivery would be a reasonable hedge against the products or byproducts of such commodity owned or purchased by such person, or the purchase of which for future delivery would be a reasonable hedge against the sale of any product or byproduct of such commodity by such person.

(4) This section shall apply to a person that is registered as a futures commission merchant or as floor broker under authority of this Act only to the extent that transactions made by such person are made on behalf of or for the account or benefit of such person. This section shall not apply to transactions made by, or on behalf of, or at the direction of, the United States, or a duly authorized agency thereof.

(5) (A) Whenever the President determines that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations or unwarranted changes in the price of any commodity, he may prescribe rules and regulations governing the margin to be required with respect to the purchase or sale of any such commodity for future delivery, or the maintenance of a position resulting from such purchase or sale, on or subject to the rules of any board of trade, whether or not designated as a contract market under section 5 of this Act.

(B) It shall be unlawful for any person to buy or sell, or accept orders for the purchase or sale of any such commodity for future delivery, subject to the rules of any board of trade, or maintain or carry a position resulting from such purchase or sale, unless margin funds or securities are deposited and maintained in compliance with the rules and regulations promulgated under this paragraph (5). No floor broker shall be deemed to have violated this paragraph (5) with respect to any transaction in connection with which he has acted solely in the capacity of floor broker.

(C) All money, securities, or property deposited as margin shall be handled by the person receiving such margin in compliance with the requirements of section 4d (2), regardless of whether such person is a futures commission merchant as defined in this Act and, for the purpose of this provision, the term "contract market", as used in section 4d (2), shall be deemed to mean board of trade.

(D) It shall be unlawful for any person to engage in soliciting or accepting orders for the purchase or sale of any commodity for future delivery on any board of trade, whether or not such board of trade is designated as a contract market, unless such person shall keep a record in writing showing the date, the parties to such contracts and their addresses, the commodity covered and its price, the terms of delivery, and the amount and kind of margin deposited. Such record shall be kept for a period of three years from the date of the transaction and shall at all times be open to the inspection of any representative of any agency of the United States designated for the purpose by the President.

(E) For the purposes of subparagraph (5) the term "commodity" shall mean, in addition to those commodities specifically mentioned in section 2 (a) of this Act, any other agricultural or forest product or byproduct.

(F) For the efficient execution of the provisions of this paragraph (5), the provisions of section 21 of the Securities Exchange Act of 1934 (48 Stat. 899), as amended, are made applicable to the jurisdiction, powers, and duties of the President in administering and enforcing the provisions of this paragraph (5) and to any person subject thereto.

(G) Sections 4a and 4i of the Act are extended and made applicable to any commodity as defined in (E) above, and for the purposes of this subparagraph (5) the term "contract market" as used in sections 4a and 4i shall be deemed to mean Board of Trade.

Section 407 of the Agricultural Act of 1949

Sec. 407. The Commodity Credit Corporation may sell any farm commodity owned or controlled by it at any price not prohibited by this section. In determining sales policies for basic agricultural commodities or storable nonbasic commodities, the Corporation should give consideration to the establishing of such policies with respect to prices, terms, and conditions as it determines will not discourage or deter manufacturers, processors, and dealers from acquiring and carrying normal inventories of the commodity of the current crop. The Corporation shall not sell any basic agricultural commodity or storable nonbasic commodity at less than 5 per centum above the current support price for such commodity, plus reasonable carrying charges. The foregoing restrictions shall not apply to (A) sales for new or byproduct uses; (B) sales of peanuts and oilseeds for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste

through deterioration or spoilage; (E) sales for the purpose of establishing claims arising out of contract or against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses. *Notwithstanding any other provision of this section, whenever the President so directs, sales of any commodity owned or controlled by the Commodity Credit Corporation may be made at the current support price for such commodity, when such support price is not below the market price, for the purpose of stabilizing the market, including the discouragement and prevention of undue speculation, fluctuation, and enhancement in price, and for the purpose of meeting unusual demand.*

○

Union Calendar No. 982

81ST CONGRESS
2D SESSION

H. R. 9176

[Report No. 2759]

IN THE HOUSE OF REPRESENTATIVES

JULY 19, 1950

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

JULY 29, 1950

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, ~~That this Act, divided into titles, may be cited as the "Defense Production Act of 1950".~~

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~~Title IV. Control of credit and commodity speculation.~~
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DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and

effectively, the requirements of military and other programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense: *Provided*, That this authority shall not be used to ration at the retail level consumer goods for household or personal use.

SEC. 102. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

TITLE II—AUTHORITY TO REQUISITION

SEC. 201. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, and (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall be paid 50 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district court of the United States

within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be related to efforts or under-

takings on the part of the United States or an agency thereof which are designated to meet the necessities of the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations, as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or

otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 302. To assist in carrying out the objectives of this Act, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises for the expansion of capacity, the development of technological processes, or the production of essential materials. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision for purchases

of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

(b) Purchases and commitments to purchase and sales under subsection (a) may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

(b) Any corporation created under this section—

(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to Act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said Act.

(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out

~~its functions under this title: *Provided,* That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the obligations of any corporation hereunder.~~

TITLE IV—CONTROL OF CREDIT

SUBTITLE A—CONSUMER AND REAL ESTATE CREDIT

SEC. 401. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer and real estate credit as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this subtitle or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider among other factors, (1) the level and trend of consumer and real estate credit

and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

(b) No person shall extend or maintain any credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time or from time to time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The re-

quirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

(d) To assist in carrying out the purposes of this subtitle, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(e) For the purposes of this subtitle, unless the context

otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, and accounting terms, insofar as any such definitions are not inconsistent with the provisions of this subtitle:

(1) "Consumer credit" means credit which the obligor undertakes to pay in two or more payments, or any other credit: *Provided*, That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any accessory insurance service connected with any such goods or any interest therein.

(2) "Real estate credit" means credit secured, either wholly or partly, by real property (including leasehold and other interests therein); credit for the purpose of purchasing or carrying such property or constructing buildings or otherwise improving such property; and credit involving a right to acquire or use such property.

~~(3) "Credit" means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.~~

~~(4) "Person", in addition to the definition given it by section 502 (a) of this Act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the criminal penalties of this subtitle shall not be applicable to the United States, any State, or other governmental agency or instrumentality.~~

SEC. 402. To assist in carrying out the objectives of this Act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

SEC. 403. The first sentence of section 5A of the Federal Home Loan Bank Act, as added by section 1 of the Act of June 27, 1950 (Public Law 576, Eighty-first Congress), is amended to read as follows: "No member

of a Federal home-loan bank shall make or purchase any loan at any time when its cash and obligations of the United States are not equal to such amount as the Home Loan Bank Board shall by regulations prescribe: *Provided,* That such amount shall not be less than 4 per centum or more than 20 per centum of the obligation of the member or withdrawable accounts or, in the case of any member insurance company, such other base as the Board may determine to be comparable.''; and the last sentence of said section 5A is amended to read as follows: ''This section shall be effective upon the enactment of the 'Defense Production Act of 1950'.''

SUBTITLE B—COMMODITY SPECULATION

SEC. 411. The Commodity Exchange Act, as amended (42 Stat. 998; 49 Stat. 1491; 52 Stat. 205; 54 Stat. 1059), is further amended by inserting at the end of section 4a the following:

''(5) (A) Whenever the President determines that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations or unwarranted changes in the price of any commodity, he may prescribe rules and regulations governing the margin to be required with respect to the purchase or sale of any such commodity for future delivery, or the maintenance of

a position resulting from such purchase or sale, on or subject to the rules of any board of trade, whether or not designated as a contract market under section 5 of this Act.

"(B) It shall be unlawful for any person to buy or sell, or accept orders for the purchase or sale of any such commodity for future delivery, subject to the rules of any board of trade, or maintain or carry a position resulting from such purchase or sale, unless margin funds or securities are deposited and maintained in compliance with the rules and regulations promulgated under this paragraph (5). No floor broker shall be deemed to have violated this paragragh (5) with respect to any transaction in connection with which he has acted solely in the capacity of floor broker.

"(C) All money, securities, or property deposited as margin shall be handled by the person receiving such margin in compliance with the requirements of section 4d (2), regardless of whether such person is a futures commission merchant as defined in this Act and, for the purpose of this provision, the term 'contract market', as used in section 4d (2), shall be deemed to mean board of trade.

"(D) It shall be unlawful for any person to engage in soliciting or accepting orders for the purchase or sale of any commodity for future delivery on any board of trade, whether or not such board of trade is designated as a contract market, unless such person shall keep a record in writing showing

the date, the parties to such contracts and their addresses, the commodity covered and its price, the terms of delivery, and the amount and kind of margin deposited. Such record shall be kept for a period of three years from the date of the transaction and shall at all times be open to the inspection of any representative of any agency of the United States designated for the purpose by the President.

"(E) For the purposes of subparagraph (5) the term 'commodity' shall mean, in addition to those commodities specifically mentioned in section 2 (a) of this Act, any other agricultural or forest product or byproduct.

"(F) For the efficient execution of the provisions of this paragraph (5), the provisions of section 21 of the Securities Exchange Act of 1934 (48 Stat. 899), as amended, are made applicable to the jurisdiction, powers, and duties of the President in administering and enforcing the provisions of this paragraph (5) and to any person subject thereto.

"(G) Sections 4a and 4i of the Act are extended and made applicable to any commodity as defined in (E) above, and for the purposes of this subparagraph (5) the term 'contract market' as used in sections 4a and 4i shall be deemed to mean Board of Trade."

SEC. 412. Section 407 of the Agricultural Act of 1949 (Public Law 439, Eighty-first Congress) is hereby amended

by adding the following sentence at the end thereof: "Notwithstanding any other provision of this section, whenever the President so directs, sales of any commodity owned or controlled by the Commodity Credit Corporation may be made at the current support price for such commodity, when such support price is not below the market price, for the purpose of stabilizing the market, including the discouragement and prevention of undue speculation, fluctuation, and enhancement in price, and for the purpose of meeting unusual demand."

TITLE V—GENERAL PROVISIONS

SEC. 501. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) in the formation of any business advisory committees under this Act, consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical

areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions shall be provided for small business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small business enterprises.

SEC. 502. As used in this Act—

(a) The word "person" shall include individuals, firms, corporations, associations, partnerships, and any organized group of persons whether or not incorporated.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

SEC. 503. The President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Government and may authorize such redelegations by that officer or Agency as the President may deem appropriate. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219),

as the President deems necessary to carry out the provisions of this Act.

SEC. 504. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of this Act.

SEC. 505. (a) The President shall be entitled, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority.

(b) No person shall be excused from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand

jury or in any court proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided,* That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such

person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

SEC. 506. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any

such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the determination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act.

SEC. 507. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to title II of this Act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title II of this Act or under any rule, regulation, or order issued thereunder, by charg-

ing higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 508. (a) No act or omission to act requested by the President, and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General not less than ten days before making any request or finding thereunder.

(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 509. The functions exercised under this Act shall be excluded from the operation of the Administrative Pro-

ecaure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

SEC. 510. The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

SEC. 511. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

SEC. 512. This Act and all authority conferred hereunder shall terminate June 30, 1952, or until such earlier time as the Congress by concurrent resolution or the President may designate.

That this Act, divided into titles, may be cited as the "Defense Production Act of 1950".

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TITLE II—AUTHORITY TO REQUISITION

SEC. 201. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that he has been unable to acquire such property or the use thereof, as the case may be, on fair and reasonable terms, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of

the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall promptly be paid 75 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district court of the United States within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation. Whenever the need for the national defense of any property requisitioned under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: Provided, That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be related to efforts or undertakings on the part of the United States or an agency thereof which are designed to meet the necessities of the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations, as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by

the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 302. To assist in carrying out the objectives of this Act, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises for the expansion of capacity, the development of technological processes, or the production of essential materials. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

(b) Purchases and commitments to purchase and sales under subsection (a) may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

(b) Any corporation created under this section—

(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its

obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to Act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said Act.

(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out its functions under this title: Provided, That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the pur-

pose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the obligations of any corporation hereunder.

TITLE IV—CONTROL OF CREDIT

Subtitle A—Consumer and Real Estate Credit

Sec. 401. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to

prescribe regulations with respect to such kind or kinds of consumer and real estate credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this subtitle or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider among other factors, (1) the level and trend of consumer and real estate credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods

and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

(b) No person shall extend or maintain any credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon

conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

(d) To assist in carrying out the purposes of this subtitle, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(e) Any restrictions for real estate credit for home construction shall not restrict loans made by private lenders to any percentage of value or maturity less than the maximum authorized for any loans authorized to be made, insured, or guaranteed by the Government or any Government-owned agency or instrumentality, nor shall any restriction otherwise discriminate in favor of Government loans or Government

insured or guaranteed loans against private loans for home construction.

(f) For the purposes of this subtitle, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, and accounting terms, insofar as any such definitions are not inconsistent with the provisions of this subtitle:

(1) "Consumer credit" means credit which the obligor undertakes to pay in two or more payments, or any other credit: Provided, That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semi-durable goods which are used or usable for personal, family, or household purposes, or any accessory, insurance, or service connected with any such goods or any interest therein.

(2) "Real estate credit" means credit secured, either wholly or partly, by real property; credit for the purpose of purchasing or carrying real property or constructing

buildings or otherwise improving real property; and credit involving a right to acquire or use real property. As used in this paragraph the term "real property" includes leasehold and other interests therein.

(3) "Credit" means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(4) "Person", in addition to the definition given it by section 502 (a) of this Act, includes the United States, any State or subdivision thereof, and any agency or instrumen-

tality of one or more such authorities, except that the criminal penalties of this subtitle shall not be applicable to the United States, any State, or other governmental agency or instrumentality.

SEC. 402. To assist in carrying out the objectives of this Act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: Provided, That in the exercise of these powers, the President shall give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

SUBTITLE B—COMMODITY SPECULATION

SEC. 411. The Commodity Exchange Act, as amended (42 Stat. 998; 49 Stat. 1491; 52 Stat. 205; 54 Stat. 1059), is further amended by inserting at the end of section 4a the following:

"(5) (A) Whenever the President determines that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations or unwarranted changes in the price of any commodity, he may prescribe rules and regulations governing the margin to be required with respect to the speculative purchase or speculative sale of any such commodity for future delivery, or the maintenance of a speculative position resulting from such purchase or sale, on or subject to the rules of any board of trade, whether or not designated as a contract market under section 5 of this Act: Provided, That no such rule or regulation shall be applicable to bona fide hedging transactions.

"(B) It shall be unlawful for any person to buy or sell, or accept orders for the purchase or sale of any such commodity for future delivery, subject to the rules of any board of trade, or maintain or carry a position resulting from such purchase or sale, unless margin funds or securities are deposited and maintained in compliance with the rules and regula-

tions promulgated under this paragraph (5). No floor broker shall be deemed to have violated this paragraph (5) with respect to any transaction in connection with which he has acted solely in the capacity of floor broker.

"(C) All money, securities, or property deposited as margin shall be handled by the person receiving such margin in compliance with the requirements of section 4d (2), regardless of whether such person is a futures commission merchant as defined in this Act and, for the purpose of this provision, the term 'contract market', as used in section 4d (2), shall be deemed to mean board of trade.

"(D) It shall be unlawful for any person to engage in soliciting or accepting orders for the purchase or sale of any commodity for future delivery on any board of trade, whether or not such board of trade is designated as a contract market, unless such person shall keep a record in writing showing the date, the parties to such contracts and their addresses, the commodity covered and its price, the terms of delivery, and the amount and kind of margin deposited. Such record shall be kept for a period of three years from the date of the transaction and shall at all times be open to the inspection of any representative of any agency of the United States designated for the purpose by the President.

"(E) For the purposes of this paragraph (5) the term

'commodity' shall mean, in addition to those commodities specifically mentioned in section 2 (a) of this Act, any other agricultural or forest product or byproduct.

"(F) For the efficient execution of the provisions of this paragraph (5), the provisions of section 21 of the Securities Exchange Act of 1934 (48 Stat. 899), as amended, are made applicable to the jurisdiction, powers, and duties of the President in administering and enforcing the provisions of this paragraph (5) and to any person subject thereto.

"(G) Sections 4a and 4i of this Act are extended and made applicable to any commodity as defined in (E) above, and for the purposes of this paragraph (5) the term 'contract market' as used in sections 4a and 4i shall be deemed to mean Board of Trade."

TITLE V—GENERAL PROVISIONS

SEC. 501. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations or orders, or amendments thereto, issued under authority of this Act, and in their formation consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

SEC. 502. As used in this Act—

(a) The word "person" shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

SEC. 503. The President may delegate any power or

authority conferred upon him by this Act to any officer or agency of the Government and may authorize such redelegations by that officer or agency as the President may deem appropriate. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act.

SEC. 504. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of this Act.

SEC. 505. (a) The President shall be entitled, while this Act is in effect and for a period of two years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of

this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: Provided, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit

which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

SEC. 506. The district courts of the United States and the United States courts of any Territory or other place sub-

ject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act.

SEC. 507. No person shall be held liable for damages or penalties for any act or failure to act resulting directly

or indirectly from his compliance with a rule, regulation, or order issued pursuant to title I of this Act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 508. (a) No act or omission to act which occurs while this Act is in effect, if requested by the President and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and

then only upon the condition that such official consult with the Attorney General not less than ten days before making any request or finding thereunder.

(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 509. The functions exercised under this Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

SEC. 510. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of

title 18 of the United States Code or section 190 of the Revised Statutes (5 U. S. C., sec. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

SEC. 511. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

SEC. 512. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the Act, and the application of such provision to persons or circumstances other than

those as to which it is held invalid, shall not be affected thereby.

SEC. 513. This Act and all authority conferred hereunder shall terminate June 30, 1952, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate.

81ST CONGRESS
2D SESSION

H. R. 9176

[Report No. 2759]

A BILL

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

By Mr. SPENCE

JULY 19, 1950

Referred to the Committee on Banking and Currency

JULY 29, 1950

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

81st Congress, 2d Session } HOUSE OF REPRESENTATIVES { Report No. 2763

CONSIDERATION OF H. R. 9176

July 31, 1950.—Referred to the House Calendar and ordered to be printed

Mr. Lyle, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 740]

The Committee on Rules, having had under consideration House Resolution 740, report the same to the House with the recommendation that the resolution do pass.

○

House Calendar No. 254

81ST CONGRESS
2D SESSION

H. RES. 740

[Report No. 2763]

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 1950

Mr. LYLE, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

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RESOLUTION

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, and all points of order against said bill are hereby waived. That

after general debate, which shall be confined to the bill and continue not to exceed one day, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the substitute committee amendment recommended by the Committee on Banking and Currency now in the bill, and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENTS

Intended to be proposed by Mr. BYRD to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

JULY 31 (legislative day, JULY 20), 1950
Referred to the Committee on Banking and Currency and ordered to be printed

clusion of a general requirement along the following lines in the civil functions portion of the appropriation bill:

"All projects authorized in the Flood Control Act of 1944, for construction by the Department of the Army, as well as all other projetcs thereafter authorized for construction by that Department, to the extent that a portion of the cost is or has been allocated to irrigation and assigned for repayment by the project beneficiaries and for which repayment contracts have not been executed, shall be subject to section 8 of the Flood Control Act of 1944, notwithstanding the fact that no additional works for irrigation are necessary, and no funds hereafter appropriated shall be available for expenditure for the construction of any such project unless and until the irrigation beneficiaries shall have executed repayment contracts with the Secretary of the Interior covering at least 50 percent of said reimbursable allocation to irrigation."

Sincerely yours,

MICHAEL W. STRAUS,
Commissioner.

It therefore appears that (a) there is determined opposition to the signing of repayment contracts in compliance with reclamation laws, (b) very substantial irrigation benefits can be secured by landowners from the mere construction of the dams and the raising of the underground water level, (c) evasion of reclamation law in these projects will make it very difficult to enforce these carefully developed policies of the Government in other parts of the Central Valley and elsewhere in the country, (d) the $10,000,000 figure pressed by some water users as a repayment limit in the Kings River Valley (Pine Flat Reservoir) and the $14,250,000 figure earlier suggested by the Bureau of Reclamation both seem too low in view of the present cost estimates of $51,121,000 and the 1948 report of the Corps of Engineers that over 60 percent of the benefits of the project will be to irrigation, and (e) the only effective way to enforce reclamation policies here is by requiring compliance prior to completion of construction of the projects.

The President has on a number of occasions revealed his clear understanding of these issues and appealed for such a proviso in connection with any further appropriations for these projects. For the further information of Senators, I also submit a copy of the President's letter of April 8, 1949, to Senator MCKELLAR (Civil Functions, 1950 Appropriations, Senate Hearings, pp. 641–642) as follows:

THE WHITE HOUSE,
Washington, April 8, 1949.

Hon. KENNETH MCKELLAR,
Chairman, Senate Committee on Appropriations,

MY DEAR MR. CHAIRMAN: When I approved the War Department Civil Functions Appropriations Act of 1947, I issued a statement on May 3, 1946, expressing gratification that the Congress, by the addition of provisos to the item for the Kings River project in California, had afforded an opportunity for assuring that the Federal reclamation policy, including repayment and wide distribution of benefits, would apply to the project. The Kings River project was the first of several similar projects in that area on which actual construction was to have begun by the Corps of Engineers. Construction of that project is now continuing as is construction on the second of these four dams: namely, the Isabella Dam. In addition, funds have been provided in the pending civil-functions appropriation bill to undertake detailed plans and specifications for the remaining two dams in this series: namely, the Terminus and Success Dams.

All of the reservoirs created by these dams will serve multiple purposes and in substantial measure are to serve irrigation needs in that part of the Central Valley, as well as to provide flood control. The disposition of the irrigation service in all four cases should be by the Secretary of the Interior pursuant to the reclamation laws.

In addition, because of the physical characteristics of the area, I am sure that we all recognize that, even if these particular reservoirs are built and operated solely for flood control, a substantial portion of the total potential irrigation benefits will result inevitably as incidental to the manner in which these reservoirs must be operated for flood control. Thus, as shown by experience in other cases, the most effective manner of assuring suitable repayment arrangements for the incidental as well as the direct irrigation services would be provided by agreement on those arrangements in advance of construction.

I urge, therefore, that, if the Congress deems it wise to appropriate funds for work on any of these reservoirs, the bill provide for irrigation service to be rendered through the Secretary of the Interior pursuant to the reclamation law. In doing so, I hope that the Congress will also find suitable means of safeguarding the Federal investment through assurance of suitable repayment arrangements.

Because of the importance of this matter to the integrity of the great Central Valley project of the Bureau of Reclamation, of which these reservoirs by their very nature must necessarily serve as a part, I hope that it may have your careful consideration.

Sincerely yours,

HARRY S. TRUMAN.

ADVANCED TRAINING IN AERONAUTICS OF TECHNICAL PERSONNEL OF CIVIL AERONAUTICS ADMINISTRATION

The PRESIDING OFFICER (Mr. HILL in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 4) authorizing the advanced training in aeronautics of technical personnel of the Civil Aeronautics Administration, which were, on page 1, line 5, strike out "Administrator" and insert "Secretary of Commerce"; on page 1, line 10, strike out "Administrator" and insert "Secretary of Commerce"; on page 1, line 11, strike out "not to exceed twenty-five"; on page 2, lines 3 and 4, strike out "Administrator" and insert "Secretary of Commerce"; on page 2, line 11, after "aviation." insert "There is hereby authorized to be appropriated such sums, not to exceed $50,000 for any fiscal year, as may be necessary to carry out the provisions of this subsection.", and on page 2, line 12, strike out "Administrator" and insert "Secretary of Commerce."

Mr. JOHNSON of Colorado. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

AID TO STATES IN FISH RESTORATION AND MANAGEMENT PROJECTS—REENROLLMENT OF H. R. 6533

The PRESIDING OFFICER laid before the Senate House Concurrent Resolution 249, authorizing the Clerk of the House to make a change in the enrollment of H. R. 6533, which was read, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Clerk of the House of Representatives, in the enrollment of the bill (H. R. 6533) to provide that the United States shall aid the States in fish restoration and management projects, and for other purposes, is authorized and directed to strike out paragraph (c) of section 2 and to insert in lieu thereof the following:

"(c) the formulation and adoption of plans of restocking waters with food and game fishes according to natural areas or districts to which such plans are applicable, together with the acquisition of such facts as are necessary to the formulation, execution, and testing the efficacy of such plans."

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent for the present consideration of the concurrent resolution.

There being no objection, the concurrent resolution was considered and agreed to.

CONTROLS OVER WAGES, PRICES, AND THE DISTRIBUTION OF GOODS—LETTER FROM THE PRESIDENT

Mr. LUCAS. Mr. President, the President of the United States has sent a letter to the distinguished Senator from South Carolina [Mr. MAYBANK], the chairman of the Committee on Banking and Currency, which I desire to have placed in the body of the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEAR MR. CHAIRMAN: I am writing you in response to your request for my views on the expressed desire of various Members of the Senate to add to the defense production bill (S. 3936) some kind of authority for direct controls over wages, prices, and the distribution of goods to consumers.

It is urgently necessary that the Congress act on the defense production bill without delay. If this measure is enacted promptly, we can do a great deal to ease the economic adjustments which our defense effort will require. At the same time, we can continue, on an expedited but careful basis, our planning and preparation for other economic controls, if and when needed.

Of course, there is no objection, in these circumstances, to enactment of additional stand-by control powers which the President could invoke when the need arose. Before my message of July 19, I gave careful thought to the desirability of asking at once for stand-by authority to control prices and wages, and to ration at the consumer level. I refrained from making this proposal to the Congress because it seemed more important to obtain quick action on the powers contained in the defense production bill. To have included a request for stand-by controls might, it seems to me, have dangerously delayed enactment of the immediate program, while the Congress considered these broader authorities. My recommendations of July 19 were designed to meet the problems immediately before us.

The Congress, in its judgment, may now want to make price, wage, and rationing controls available, on a stand-by basis, for use if and when needed. But if the Congress were to take this course, the following conditions appear essential:

First. These additional controls should be supplementary to, and not in lieu of, the basic powers already contained in the defense production bill. The production aids and limited controls for which I have asked are essential now.

Second. We cannot afford to bog down or delay in enacting what is needed at once, and supplementary provisions should be added only if they do not prolong consideration or delay action in either House.

Third. Any provisions relating to prices and wages should not set up a rigid formula

or freeze in advance of experience. If these powers are now made available in advance of widespread need, it is simple common sense that they must be written in a form which allows wide discretion and flexibility as to the method and place and timing of application.

Fourth. For the same reason, any grant of price and wage authority should leave open the question of the method of administration. This should remain flexible, because it cannot be separated from the question of the extent to which price and wage controls actually might have to be applied.

If these reasonable conditions can be met, I should have no objection to the granting of authority beyond that requested in my message of July 19. But if, for any reason, these conditions cannot be met, I urge strongly that the Congress move at once to enact the defense production bill without including these additional powers.

Very sincerely yours,

HARRY S. TRUMAN.

AUGUST 1, 1950.

LOCAL 50, INTERNATIONAL LONGSHOREMEN'S AND WAREHOUSEMEN'S UNION, AND THE WAR IN KOREA

Mr. MORSE. Mr. President, I wish to read a resolution I have received, and make a very brief comment on it. It is a resolution that was passed by Local 50 of the International Longshoremen's and Warehousemen's Union of Astoria, Oreg., dated July 9, 1950.

As a preface to the reading of the resolution, I wish to point out that for some years there has been a conflict within various maritime unions on the west coast as between the so-called right wing and the left wing. By left wing we mean those who within the maritime union have been following the Communist Party line.

I desire to say, as a Senator from the State of Oregon, that I am very proud of the fact that the members of Local 50 of the ILWU of Astoria, Oreg., on July 9 passed this resolution. It is about as clear evidence as can be offered that there is in a great number of the ILWU locals on the Pacific coast control by the right-wing element. I believe that when men take a stand against communism and make a fight against communism, as these free American workers within the maritime unions have been doing, it is worthy of comment and compliment on the floor of the Senate, and I am pleased to make such comment at this time in this form by reading the resolution.

The communication I have received is as follows:

The Honcrable WAYNE MORSE,
United States Senate,
Washington, D. C.

DEAR SIR: The following resolution was adopted by the officers and membership of Local 50, ILWU, the longshoremen of Astoria, Oreg., on July 9, 1950, in a special meeting:

"Whereas we, the longshoremen of the port of Astoria, banded together in Local 50, are American citizens, proud of our country and loyal to it; and

"Whereas serious international trouble has broken out in Korea, caused by the invasion of southern Korea by the Communist northern Korean Army; and

"Whereas in many places doubts have been cast on our loyalty as American citizens by recent local statements that the longshoremen are Communist dominated: Therefore be it

"*Resolved,* That we, the longshoremen of Local 50, ILWU, in no uncertain terms, condemn the act of aggression by the Communist North Korean Army in breaking the peace and invading South Korea; and be it further

"*Resolved,* That we go on record without any reservations that we will support our Government and President 100 percent in this great crisis, and we will load any and all cargoes destined for the war area; and be it still further

"*Resolved,* That we shall not join in, condone, or recognize any Communist demonstrations, picket lines, etc.; and be it finally

"*Resolved,* That copies of this resolution be sent to the President of the United States, the Secretary of Labor, Senators WAYNE MORSE and GUY CORDON, Congressman WALTER NORBLAD, and the press."

Yours very truly,

HARRY LARSON,
Secretary.

I am very proud of the action taken by local 50 in Astoria, Oreg., and I am satisfied that a majority, and I think a large majority, of the workers in the maritime unions, whose work is so vital to the security of our country, can be counted upon to rally to their patriotic duty, as have the members of local 50 of Astoria, Oreg.

THE KOREAN WAR SITUATION—POSITION OF THE INTERNATIONAL LONGSHOREMEN'S AND WAREHOUSEMEN'S UNION IN HONOLULU

Mr. BUTLER. Mr. President, I ask unanimous consent to insert in the body of the RECORD several newspaper clippings and editorials from Honolulu regarding the position taken by the I. L. W. U. union there with reference to the Korean war situation.

First is a clipping from the Honolulu Star-Bulletin of July 26, 1950, giving the full text of the statement of the International Longshoremen's and Waremen's Union in Hawaii regarding the Korean situation.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TEXT OF THE ILWU STATEMENT ON UNION'S POSITION IN KOREA ACTION

Following is the text of the local ILWU policy statement on UN and United States action in Korea. The statement, on behalf of the four ILWU local groups, was given to the Star-Bulletin this morning. The four groups are the sugar, pineapple, longshoremen's and warehousemen's and miscellaneous.

"Members of the ILWU are loyal Americans as the record conclusively proves. We all support our Government in the Korean police action which was sanctioned by the Security Council of the United Nations. Our locals will cooperate fully with our Government in this action.

"However, we deplore war and we earnestly believe that all international disputes should be settled peacefully through the machinery of the United Nations, without recourse to force of arms, so that the possibility of an atomic world war III might be avoided. This position is the same as that expressed by our union when the Arabs invaded Israel and the Dutch invaded the Indonesian Republic."

USING THE KOREAN SITUATION

"While we support our Government, we must express publicly our real concern about the speed with which certain employer elements in this community, including most newspapers, have seized upon the Korean situation as a smoke screen behind which they are carrying on an increasingly stepped-up campaign to split our union and to wipe out our economic gains.

"These elements are using the Korean situation to divert attention from their plot to speed up their production and to increase profits by getting more work out of less men for less money.

"This selfish program can only result in aggravating Hawaii's chronic unemployment situation."

WE WARN EVERYONE

"We warn everyone not to forget that the reduction in our unemployment rolls which is resulting from a move toward a war economy is but temporary and a return to stabilized economy with peace on the international scene will find unemployment and depression for Hawaii much worse than the recent chaos, should we permit the destruction of our wage and working standards by certain employers acting under their self-tailored cloak of 'patriotism.'"

SEES HORRIBLE EXAMPLE

"Already we have one horrible example of this employer technique.

"A walk-out at Kekaha 10 days ago over the attempt of a sugar company to increase the workload of employees (which was since settled to the satisfaction of the workers) prompted a scurrilous employer newspaper to editorialize that the walk-out was organized by ILWU leadership to aid communism and North Korea.

"A simple, but defeated employer scheme to speed up employees thus becomes a 'red' plot."

WE SERVE NOTICE ON EMPLOYERS

"We serve notice upon any employers who may harbor such plans that we are not going to be intimidated into surrendering our hard-won wages and working conditions because of a phony, profit-inspired clamor that it is necessary for us to do so if we are to prove our loyalty to the Nation.

"We workers of Hawaii have had something more than our share of this "loyalty" line during the last war when we suffered under the heel of martial law.

"We will not soon forget how we were ordered to 'work to win' and frozen to ill-paid jobs under miserable conditions while tens of thousands of other workers were imported for the relatively well-paid jobs in military employment. We can't and won't tolerate such discrimination in the future."

LOYALTY TO AMERICA

"Loyalty to America is one thing that must be indivisible and universal. It must apply equally to employers and workers.

"Employers must not be permitted to take advantage of their employees in this Korean situation as they did in World War II.

"The future will prove, as has the past, that the loyalty of the ILWU and its members cannot honestly be questioned.

"And, if labor peace is mandatory at this time, we are prepared to meet the employers halfway on the basis of mutual confidence, respect, and fair play.

"If it can't be achieved on that simple, honest basis, then serious consideration must be given to the establishment of machinery such as the war labor boards of World War II for the peaceful adjudication of labor disputes."

Mr. BUTLER. Second, Mr. President, an editorial from the Honolulu Star-Bulletin of the same date in which it is pointed out that "to date the ILWU has not backed the Government in its move to bar Communists and other subversives from American ships."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WHERE DOES THE ILWU STAND ON KOREA?

(Since this editorial was written the ILWU has partially clarified its stand. A local statement, given out last night, says in part: "Members of the ILWU are loyal Americans

I hope the Congress will stand by the Committee on Veterans' Affairs and not repeat the serious blunder that was made at the beginning of World War II when the Committee on Veterans' Affairs was bypassed, to the detriment of the men and women in the Armed Forces.

FRANCO-ITALIAN PACKING CO.

Mr. LANE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1293) for the relief of the Franco-Italian Packing Co., with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 3, after "States", insert ": *And provided further*, That any action instituted hereunder shall be filed within 1 year after the date of approval of this act."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. H. CARL ANDERSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

A WATCHDOG COMMITTEE

Mr. H. CARL ANDERSEN. Mr. Speaker, at this time we are getting ready to roll out billions of dollars for war purposes. I think it is very essential that the full Committee on Appropriations have within it a committee for the purpose of acting as a watchdog on these expenditures and seeing to it that this huge sum of money is used for what the Congress has intended, with a minimum of waste. We can here save hundreds of millions of dollars, if not billions, by holding consultations with the chiefs of our armed services before the funds have been spent or allocated. We on the Committee on Appropriations must provide for a real examination into the method of expenditure of all of these billions of dollars the war effort will entail. All of us want to make available every dime needed to back up the boys on the front but we do not propose to waste taxpayers' money nor to pour out tens of billions of dollars without scrutinizing very carefully the uses to which these funds are put.

For example, President Truman has requested over $5,000,000,000 for the expressed purpose of rearming our allies. We are now at war and I am in agreement with such rearming as long as it is on a scale large enough to do some good. But while helping these allies rearm we have the right to know that these $5,000,000,000 are expended for that purpose and nnt diverted to some scheme entirely at variance with what Congress has in mind. Also we must know whether the $23,000,000,000 turned over to the Armed Services for this fiscal year will buy a large amount of first-class, modern war materials, planes especially, rather than to be frittered away in what is termed "housekeeping expenses."

We must get our industrial plants into operation, turning out the arms so much needed by our Nation, even though the Armed Services have had at least $50,000,000,000 in appropriations since the close of World War II. It is the duty of Congress to know where the defense money goes and not simply give the administration a blank check and the go-ahead signal. We must accept our responsibility.

Feeling as I do that proper scrutiny by the Congress may save billions of dollars, I suggested to the Appropriations Committee yesterday that a watchdog committee, properly staffed, be immediately set up. It is our duty to do everything we possibly can to help maintain a strong America militarily, financially, and morally, and we must cut out waste and extravagance all along the line. That is the least we in the Congress can do to back up our troops abroad. Let us lock the door on extravagance before it breaks loose and runs wild. I hope my suggestion for the watchdog committee will receive favorable consideration by the Committee on Appropriations.

PERMISSION TO ADDRESS THE HOUSE

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

OFFICE OF TEMPORARY INFORMATION

Mr. EDWIN ARTHUR HALL. Mr. Speaker, as we embark against our will upon another gigantic program of building for our defense, we should look back over some of our mistakes in World War II and rectify them.

I believe we have just scratched the surface in bringing our industrial and business genius to bear upon the Nation's defense building.

There are scores of small concerns and hundreds of able businessmen in my district who feel they should be given the chance to prove their worth. I agree, they should have such opportunity.

It is, of course, the accepted theory that the next war will be waged with atomic and other powerful type bombs which will do untold destruction in given areas.

Therefore, our plants and factories must be scattered over the length and breadth of this great land so that not more than a few of them can ever be destroyed at once.

Our weapons of defense could be made in part in these smaller plants dispersed around the country. For instance, I know of a friend who offers to convert his recreation center out in a rural location into a small factory.

He says he has all the local labor he would need among women and older men in that locality. This would assure his plant of constant employment. It would also save tremendously on gasoline and tires because his employees live right near his plant.

Another business has approached me about converting an old plant now closed and formerly manufacturing household utilities into a factory for employing 50 people. This is already partially tooled to turn out electrical gadgets by the thousands.

The plants I have described are considerable distances from dense metropolitan sections and are suited for subcontract work.

Such factories could be utilized by our Government to product parts. A transport system of trucks, trailers, railroads and even airplanes can be devised to distribute them to places of assembly.

All these details could be worked out by master planners. Such a course will assure a maximum defense program through a decentralized system which is of course the only solution in view of a much greater bombing hazard than ever before in case of attack.

However, advanced steps must be taken before any orderly procedure with such an idea can be realized.

I proposed to set up a temporary Office of Information with authority to commit the Government to reasonable assurances to businessmen so that they may go ahead immediately with their conversion plans.

There is no time left to fiddle. Let such an organization be set up right away. Then have businessmen back home come down here to Washington to confer with able, informed officials within this agency who have the spirit of patriotism and cooperation sufficient to utilize the services of these countless American businessmen without whom our Government cannot hope to meet the great demands now arising for powerful weapons of defense.

PERMISSION TO ADDRESS THE HOUSE

Mr. FELLOWS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Maine?

There was no objection.

PEACE

Mr. FELLOWS. Mr. Speaker, a little girl 14 years of age came to Washington a short time ago. After she got home she wrote this letter. I will read to you the last few lines:

It is getting late and, as I am a Sunday-school teacher for the third-grade girls, I have to study my lesson and finish my letters. Send all my love to everyone in Washington, and if you see Mr. Truman say just what he said to everyone, "That we are nearer to peace than we ever have been before."

PERMISSION TO ADDRESS THE HOUSE

Mr. KENNEDY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

NEED FOR ADEQUATE AIRLIFT LEGISLATION

Mr. KENNEDY. Mr. Speaker, we should have more transport cargo planes in this country. The military has stated that their minimum requirements figure for M-day is the equivalent of 2,000 C–54's, or a smaller number in larger-type planes. As against this requirement we have presently in military and civil hands no better than 800 aircraft of suitable type, and even that figure is stretching it a great deal because it includes a great many aircraft which would have to be modified before they would be suitable for military use. By simple subtraction anyone can see that we are short by at least 1,200 C–54's, or their equivalent in larger planes.

At present our Marines and other supplies are going from the west coast by boat. This means that our effective force in Korea would not be felt for at least 3 weeks. We must develop sufficient airlift so that we can make ourselves felt immediately in Korea as well as in other parts of the globe. Let us not forget that the Russians have a submarine force five times the size of that with which the Germans started World War II.

Mr. Speaker, the time has come for the Congress to consider some really adequate airlift legislation. At the very beginning of the Eighty-first Congress on January 3, 1949, Senator JOHNSON of Colorado and I introduced what has become known as the air merchant-marine bill, H. R. 448 and S. 237. This bill has been referred to the Committee on Interstate and Foreign Commerce. It provides for development and procurement of transport planes suitable for commercial use and readily adaptable for military service. These planes can be operated in the domestic and import-export trades in peace and be available for instant military use in time of war.

Now that the Korean crisis is here with us, I urge that members of the Interstate and Foreign Commerce Committee dust off this piece of legislation and have a good look at it. It is not a perfect bill by any means and there are a good many amendments that ought to be made in it, but we should get an airlift bill reported onto the floor of the House as quickly as possible. We have already been caught short without adequate means of flying our troops and supplies and we do not want to be caught in an even worse jam by failure to act.

EXTENSION OF REMARKS

Mr. HOWELL (at the request of Mr. ADDONIZIO) was given permission to extend his remarks.

Mr. WHITE of California asked and was given permission to extend his remarks and include a newspaper editorial.

Mr. LANE asked and was given permission to extend his remarks in three instances and include extraneous matter.

Mr. SHORT asked and was given permission to extend his remarks in three instances and include newspaper articles.

Mr. EDWIN ARTHUR HALL asked and was given permission to extend his remarks in three instances.

Mr. RICH asked and was given permission to extend his remarks and include a statement by the Secretary of Commerce of the Commonwealth of Pennsylvania, Theodore Roosevelt, III; and in another instance to include an article by Paul O. Peters, on Federal Government Spending.

Mr. LECOMPTE asked and was given permission to extend his remarks and include a newspaper article.

Mr. WOODRUFF asked and was given permission to extend his remarks in two instances; in one to include an article by Karl H. Von Wiegand of the Baltimore-American, and one by Leslie Gould of the New York Journal-American; and in the other, to have reprinted as an extension of his remarks the speech he delivered on the floor of the House on March 13, 1945.

Mr. VAN ZANDT asked and was given permission to extend his remarks and include an article on slave labor in Russia, notwithstanding the fact that it will exceed two pages of the RECORD and is estimated by the Public Printer to cost $191.34.

Mr. McGREGOR asked and was given permission to extend his remarks and include a newspaper article.

Mr. HOEVEN asked and was given permission to extend his remarks and include a letter.

Mrs. ST. GEORGE asked and was given permission to extend her remarks in four instances and include newspaper articles.

Mr. CASE of New Jersey asked and was given permission to extend his remarks in two instances and in each to include extraneous material.

Mr. DONDERO (at the request of Mr. HALLECK) was given permission to extend his remarks in two instances.

Mr. HALLECK asked and was given permission to extend his remarks and include an editorial.

Mr. FALLON asked and was given permission to extend his remarks and include a resolution.

Mr. KENNEDY asked and was given permission to extend his remarks.

Mr. DONOHUE asked and was given permission to extend his remarks and include an editorial.

Mr. RANKIN asked and was given permission to extend his remarks and include a letter and a statement from the Tennessee Valley Authority.

DEFENSE PRODUCTION ACT OF 1950

Mr. LYLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 740 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 1 day, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute committee amendment recommended by the Committee on Banking and Currency now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. LYLE. Mr. Speaker, this resolution makes in order the consideration of the Defense Production Act of 1950. This is a flexible rule and was drawn in such a manner as to permit the House to work its will as to the degree of controls it deems necessary to establish. It was drawn in anticipation that one or more substitutes would be offered for consideration, and it was the thought of your committee that such substitutes would be germane and in order under this rule. There is, of course, a parliamentary limitation under this rule or any other rule on the number of complete proposals that may be pending at one time.

Your Committee on Rules has attempted to call up this question in such a manner that there could be full and complete consideration of the problem of economic controls.

At the moment, Mr. Speaker, the Defense Production Act of 1950 is the issue, but the problem of the hour is a contest in which the world is the prize, a struggle between freemen and slaves under dictators. You and I have a staggering responsibility in the outcome.

I cannot and do not attempt in this short time to analyze the provisions of the Production Act of 1950 or the other proposals that will be made, except to say generally that H. R. 9176 provides for a system of priorities and allocations for materials and facilities, authorizes the requisitioning thereof, provides for financial assistance for expansion of production capacity and supply, strengthens controls over credit, and regulates speculation on commodity exchanges. The purpose of such controls, simply stated, is to facilitate the production of goods and services necessary for the national security and, at the same time, to hold our civilian economy upon an even keel.

Reasonable minds cannot differ, Mr. Speaker, in the conclusion that we must establish controls. The issue is the extent to which we shall go in this direction. To me, sir, it is a challenge to rise above the mediocrity which normally is so much a part of us and to not only cope successfully with the brutal force of our enemy but to meet his cunning and

devilish scheming. I am sure no one of us fails to understand the difficult military undertaking in which we are engaged, and the decision of this hour must be made in the light of the requirements of victory for our forces on the field of battle.

The decision to win the campaign in Korea has been made. We will win, but the extent of the men and materials necessary to accomplish this still is a matter to be determined by future military developments over which we have no control.

Economic controls of the nature contemplated generally, sir, are opposed to and contrary to our way of life and are tolerated by Americans and their representatives only at a time and to the extent necessary to meet a challenge to our national security and welfare. Through the character of our people, their love for freedom and independence, we are a great and powerful nation. We have the moral, economic, and political strength to survive in the war against communism and the character to accept that which is necessary to win.

It is therefore, Mr. Speaker, not a question of whether the American people are ready to accept controls, or whether it would inconvenience them in their daily lives, or whether they would be harassed in their business and normal transactions. It is, on the other hand, a question of what is needed at this time to win our fight against an unscrupulous enemy.

Therefore, today you and I decide to what extent controls are required by the present situation and the foreseeable future. This is not an easy decision. It requires calm and deliberate thought, based upon the best information available. It requires an understanding of the American people and of the enemy. It requires a knowledge of our capacity to produce and it requires a devotion to the principles of American freedom. It is, sir, in my judgment, a decision that will affect the lives and character of Americans for generations to come.

The courses open to us are limited. We may authorize no further controls under the assumption that the President has sufficient power to cope with the present situation. In the light of information available, this would be a foolish and foolhardy attitude, and could well result in great harm to our national security. On the other hand, we may proceed with partial mobilization and such controls as are necessary to meet the present situation and the foreseeable future; or we may throw caution to the wind and authorize a complete economic regimentation.

The President of the United States, in his message to the people and his message to the Congress transmitting a report on the situation in Korea, was forthright and realistic and in my judgment used admirable restraint in his requests for power and control over the economic life of the Nation. He has subsequently displayed the high qualities of good leadership by asking only the minimum power which he, being fully advised, feels is necessary to meet the issue at hand. It should be most heartening to the people of America, yes, the free people all over the world, that the President has not grabbed at power as he might popularly have done, nor has he asked the American people to subject themselves to controls and regimentation beyond that point which the situation demands. It is strange, indeed, that so many people, both in and out of Congress, who have been most vociferous in their condemnation of regimentation and Government bureaucracy, now stand in the forefront of those demanding complete economic controls.

Upon what facts, Mr. Speaker, may one rightfully say that we should have complete controls? The production capacity of America is at its greatest peak of our history. With few exceptions, I am informed, no shortages now exist and none are anticipated in commodities that make up the ordinary life of our economy. In spite of the fact that too many people have bought too much of what they did not need and could not afford, the rises in prices are unwarranted and have been dictated by speculation, over-extension of credit, hoarding, profiteering, and unwarranted profit-taking on inventories. A continuation of these elements will demand complete price and wage controls and I am certain that the President will promptly ask for them and the Congress will promptly grant them, for such practices are frowned upon by all decent Americans and cannot and will not be tolerated long by this Government.

However, Mr. Speaker, we must not in our enthusiasm to meet the military demands promptly and adequately, overlook our great responsibility to maintain and insure a free and independent America. Stalin and his stooges subject their slaves to complete bureaucratic dictatorship. They detest the freedom and independence of Americans and would with glee have us subject ourselves to the same type of low slavery. They would, I am sure, be pleased to lose a battle if they could win the war of complete regimentation of the lives of Americans and our economy.

Controls that are passed today, not in the light of the foreseeable military situation, could well do more harm than good and could result in more confusion and chaos than stability. The President has requested, upon the advice of such outstanding Americans as Stuart Symington and General Bradley, the prompt passage of provisions set out in H. R. 9176.

"This act," said Stuart Symington, "facilitates our support of the United Nations by taking steps to meet effectively the economic programs required for the support of our fighting men in the field. The area," he said, "in which it is planned to work in this act, is one in which it is necessary to set a pattern which will permit spacing, not only for the steps that have to be done now, but also for any possible additional steps."

Mr. Speaker, the temper of this House appears to be such that it will enact not only the recommendations of the President as outlined in H. R. 9176, but will also authorize additional controls over wages and prices. If this is done it should be in such flexible form that the President will not be required by law to set up a great many new agencies, transfer functions from existing departments, or create numerous boards and bureaus. He should be permitted to utilize the present Government departments.

If further economic controls become necessary this Congress is available to enact the needed legislation. We cannot rightfully meet our responsibilities nor properly discharge them by creating a ripid, all-out economic dictatorship and throwing it into the lap of the President. Legislation worthy of the American people and in the tradition of this great body must be based upon reliable information. To this date, so far as I am informed, no information has been placed before any committee of this House to justify enactment of complete economic controls.

We now live in a world and will for years to come where we must react calmly and realistically to crisis and danger, and we must keep in mind always the preservation of our way of life, even as we meet the enemy on the field of battle, for victory at arms is indeed costly if we must pay the price of losing our own way of life through overregimentation and economic dictatorship.

Mr. Speaker, let us take the wisest course, not the easiest course. Let us take the sanest course, not the political course. Let us do that which is necessary to win against the enemy, but let us be reluctant, or perhaps, better said, let us be thoughtful before we radically change our way of life. For it is that, and that alone for which we are fighting.

Fear and confusion have no place in our lives today. Our course is clear, our capacity to create is unlimited. Our ability to meet the demands of the hour cannot be questioned. Our source of information is uncensored, and the only fear that any American need have is that he will not discharge with all his heart and mind his obligation as a freeman.

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, as always, my good and able friend from Texas has given a very enlightening and good address. He has explained the provisions of this rule which are very flexible.

There are five titles to the bill as well as subtitles. There are many sections. The rules, as he has mentioned, makes it possible for anyone to offer practically any amendment that I believe will be found germane.

Mr. Speaker, this is not the easiest bill that has been before the Congress during the 18 years I have been a Member. We look with reluctance on another OPA which this bill provides for. We know when this bill is passed we are going to have another OPA. We are going to have bureaucrats running around the country like we did back in World War II days. We know that we are going to have controls, regimentation, bewilderment, and confusion among practically all of our people as we did in the OPA days. I know though, if we do not pass this bill there is going to be inflation, which means that the people will have lessened their

life savings, that they will have lessened the face value of their insurance policies, that they will have lessened their income. So the question is, Which is the hardest dose to take?

Already the indexes show that during the past 6 weeks prices have risen from 6 to 11 percent on many commodities. The President, Mr. Speaker, has asked for these powers. He wants these powers and he has requested them. He sent up before the Committee on Banking and Currency four administration men, but he did not bring in anyone from agriculture and small business. He sent up four administration men asking for these many stringent powers. It is going to be up to the President of the United States to decide just what he is going to do, and the people of the country, like back in 1946, are going to be the judge of whether the President of the United States, after he asked for all these unusual powers, is going to administer those powers wisely. Frankly, I feel that the Congress has certain responsibilities and that we should clearly write the rules of the game and let the executive branch do the administering.

Just a little while ago we heard the address by the Prime Minister of Australia. He made a splendid speech. He made a speech of encouragement. But, just last week when I was back in Illinois there was no question about the people of the United States being in a state of bewilderment and confusion, as evidenced by the remark of my good friend from Texas a few minutes ago, that most of the boys in Korea did not know what they were fighting for. My people back home, and I talked to many, want to win this war, there is no question about that, but the great majority of the people in northwestern Illinois, as well as I am sure the people in your districts wonder why we are in this war in the first place. There is no question about that being in their minds.

As I picked up the morning papers I saw the headlines "United States Pours Fresh Troops Into the Sagging Lines," I remembered the remarks made by both Members of this House and the other body when the United Nations was formed, and I took this language from addresses of many distinguished men, and one was that after we organized and formulated the United Nations, before anyone will make an aggression, they will stop, look, and listen, because they know that the troops of 52 nations will be in there fighting side by side.

So I say to you, Mr. Speaker, in picking up these headlines this morning reading "United States Pours Fresh Troops Into the Sagging Lines," where are these 52 nations that are supposed to be fighting side by side with the few thousand boys we have in Korea? I say to you Members of the House that the United Nations has a test case right before it now, and our people are wondering why the people of Great Britain, France, and Italy, and all the other places are not in there fighting as promised by these statesmen of both Houses when they said that any aggressor nation will stop, look and listen, and that you can depend on the troops of 52 nations to fight side by side against any aggressor. I want to back the United Nations but I feel they should move faster in this crisis; otherwise, they will lose much prestige.

In conclusion, Mr. Speaker, I want to say this, I know that we are going to win this war, but this Nation of ours, which now has a debt around $260,000,000,000 and pouring out military aid and sustenance to people all over the world, is standing alone when we need these other countries the most. Why are not their troops and their flags flying along that sagging line which now exists in Korea?

Mr. LYLE. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia [Mr. COX].

Mr. COX. Mr. Speaker, for many reasons I hesitate to make an expression on this measure. I have such little patience with weakness in time of stress that it is difficult for me to exercise restraint when confronted with the timidity and the hesitation that is reflected in the bill which the pending rule is intended to make in order, for the measure does not reflect the strength that the needs of the moment demand. However, as between the measure and nothing, I will, of course, take the bill, but it is my opinion that it is not quite an honest treatment of the problem with which it deals, that it does not go far enough, that for some reason it would repeat the same mistakes we made at the beginning of World War II.

I cannot see that it is possible to control the price of a commodity without at the same time controlling the price of the principal elements of cost that enter into production.

Mr. Speaker, in spite of the bad advertising the Congress has received in the past several years and the studied effort to undermine it in the estimation of the public, I say to you, sir, that at this hour of world anxiety and world stress the people of this country are looking to the Congress as their main hope of salvation. In their thinking, Mr. Speaker, as regards the safety of the Republic, the people of the country are at least 5 years ahead of official Washington. My people do not mind bleeding and dying for the flag, but if they must bleed and die they want it to be under a leadership that they trust. They are troubled, Mr. Speaker. They do not have confidence in, nor do they trust, many of the people playing important rolls in this tragic era.

I make no criticism of any particular individual. I do applaud the President, however, for the realism he manifested when he took cognizance of what was going on in Korea. For dissembling I have no patience. We speak of waging a war of resistance against the aggressions of North Korea. Neither the press nor any individual in the Government exercising power has manifested a willingness to tell the people of the country exactly who it is we are fighting.

Mr. Speaker, we are obliged to take action. We are obliged to do something of the character that is here proposed. But let us not go just halfway. Let us not be hypocritical about it. Let us realize what conditions demand, and let us do the whole job and do it now. This idea of running away from the responsibility of imposing some sort of control over labor is cowardice which deserves the scorn of the patriot.

The SPEAKER pro tempore [Mr. WHITTINGTON]. The time of the gentleman from Georgia has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 6 minutes to the gentleman from Ohio [Mr. BROWN].

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, perhaps no piece of legislation, in my time as a Member of this body, has given me as much concern as the one which will soon be before us, and the questions involved in its consideration.

I listened with a great deal of attention to the explanation of this measure when it was brought before the Committee on Rules yesterday. This bill was reported by the House Committee on Banking and Currency. There were two or three sessions of that committee given to consideration of this measure during which time only official spokesmen of the administration or the Government were heard. Not a single representative of American business or industry, not a single citizen speaking for the general public, had an opportunity to express himself on this legislation before the Banking and Currency Committee. Let me say, in explanation, that the legislative committee, as was pointed out, seemingly deemed it necessary to move rapidly. The bill was explained before the Committee on Rules by, I think, two, or perhaps three or four members of the Committee on Banking and Currency, who were heard only briefly.

As I have studied this measure it either goes too far, or it does not go far enough, according to what the true situation may be in the world today. If, as the President has publicly stated, we are engaged only in a police action in Korea, then this bill now before us goes entirely too far. If, on the other hand, as many Members seemingly believe, and as I have heard some Members express themselves, we are already in the beginning of world war III, then this bill does not go far enough.

If we are to have a mobilization of only about 10 percent of our manpower and our economic power, as is claimed by some of the spokesmen for this administration, then the bill before us goes entirely too far, and confers upon the Chief Executive great and unusual powers, privileges, and authorities which no President should have under such circumstances.

If, on the other hand, we are to have 100 percent mobilization of our manpower and economic strength, as a necessity to safeguard our liberty and freedom, then the measure does not go far enough.

It seems to me, of course, the President of the United States should know whereof he speaks. But I am not unmindful of the fact that the President, when he speaks, does not always give us his own thoughts and ideas, but only passes on to us the information, thoughts, and ideas his subordinates have given him. While it may be his voice we hear, he may be

expressing the ideas of those who advise him. I most reluctantly must say on this floor that I do not have the greatest confidence, faith, or respect for the abilities or opinions of some of his advisers.

I wish to point out to you, if I may, that we are being called upon to vote upon this measure at the very moment when it is impossible for any of us to tell what the future may hold. I wish it were possible for us to know now, or tomorrow, when we vote on this bill, what is going to happen in the United Nations Security Council meeting at Lake Success in the next 2 or 3 days, or what is to happen on the Korean front, where our boys are fighting with their backs to the sea.

I realize and appreciate fully that every Member of this House is a patriot at heart and wants only to do that which is best for our beloved country, and that which will best aid and support those brave fighting sons of America now on the battle line to the limit.

We should give the President of the United States only those powers which he needs and must have to meet the present emergency, if he is right in his judgment of the situation which confronts us, and not give to him the powers contained in this bill which would permit him to put into effect some of the socialistic plans and schemes which have been before these bodies of the Congress time after time throughout the years. But, if this is all-out war, if it is a battle for our survival, then we must confer upon the President full and complete powers to regulate and control, not only production, allocation, distribution, and pricing of goods and commodities, but also wages and almost every other activity within the realm of thought.

We must remember, when we cast our votes and reach our final decisions on this measure, that if we give the President the all-out powers contained in either this bill or suggested in some of the other bills which will be offered as amendments, that not a single individual in this House will live long enough to see those powers restored to the Congress and to the people.

Let me say, with all the emphasis at my command, that the gentleman from Texas [Mr. LYLE] was entirely right, when he said you can vote away your liberties and your freedoms much easier than you can recover them.

Let me say to you, the hour and the time is near when we, the representatives of the people in Congress assembled, must decide whether or not we will take every step possible to protect, here at home, their liberties and freedoms, and to make sure that dictatorship and totalitarianism do not win out here at home while we are attempting to destroy them abroad. Let us remember we have within our borders here in the United States those who would destroy us from within, as well as we have enemies abroad who would destroy us from without. Let us remember that more nations have been destroyed by enemies from within than have ever fallen before a foreign conqueror from without. So let us be certain we do nothing here which will destroy at home the liberties and freedoms we are attempting to extend to the other peoples of the earth through the strength of our military forces. May divine providence give us the wisdom and the courage to act wisely and well in this hour, is my prayer.

The SPEAKER pro tempore. The time of the gentleman from Ohio [Mr. BROWN] has expired.

Mr. LYLE. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. MADDEN].

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, we all realize that today the Congress is confronted with a great problem. This bill calls for the protection of large and small business which must have essential and in most cases scarce material in order to continue their normal business in this critical period. There is no question that it is the duty of the Congress to pass this legislation, considering the orders for war production which has already taken place in the 5 weeks since the trouble started in Korea.

I have had at least half a dozen requests from my district for legislation to control allocation of critical materials. In fact, one company engaged in the filing cabinet manufacturing business which uses considerable sheet steel, has already informed me that it will be impossible for them to obtain steel to continue his line of business unless some kind of regulation and protection is made for the small manufacturer. I merely mention this as one of perhaps hundreds of instances where the small-business man, the small manufacturer, is going to be closed out of business unless H. R. 9176 is passed by this House and enacted into law.

I mention another problem that exists not only in my district but also in probably every congressional district in the United States, possibly more so in my district than others because mine is a great industrial area: I have had numerous letters, and telegrams complaining about the increased price of meat, groceries, and clothing has already gone up unreasonably in price in the five weeks since the trouble started in Korea. My friend the gentleman from Illinois [Mr. ALLEN] mentioned that the cost of living had gone up between 6 and 11 percent. A spot check taken in my district showed that costs of meats and other provisions, which you buy in the grocery store, like coffee, sugar, eggs, bacon, milk have already soared to unreasonable heights. Clothing, hardware, and other necessities have also gone up. A few spot checks reveal prices have gone up between 9 and 11 percent since the trouble started in Korea. This means that the wage dollar of the man who works on wage or salary has gone down between 9 and 11 percent in five short weeks. What is going to happen to Mr. Worker who gets his pay check every 2 weeks, or every month and goes into the grocery store or clothing store to buy life's necessities. If this condition continues unchecked until Christmas, the take-home purchasing power pay of the average family man will be almost 50 percent less than it was when the trouble started in Korea. This is a problem Congress has in its lap, and it is our duty to decide what steps should be taken in order to circumvent an economic catastrophe.

The profiteers of this country are taking advantage of this war situation without any reason whatsoever. I remember after World War II that one of the great powerful propaganda and lobbying institutions of this country that came to Washington asking that price controls be released. That institution was the National Association of Manufacturers. If that organization would cooperate with the consumers in America at this hour they would contribute a great deal toward curbing profiteering and the unreasonable rise in the cost of living that has been going on in the last 5 weeks. Up to this hour we have not heard one word from the National Association of Manufacturers calling upon its members to keep prices down and curb this disgraceful profiteering. Congress must act now on curbing wartime profiteering before we lose the war at home through unnecessary inflation. The consumers need help. Laws will not solve all of the economic troubles that are going to confront us. Organizations representing industry and business and labor must work in harmony and help keep down this unreasonable rise in the cost of living.

Mention was made here by one gentleman—I think the gentleman from Illinois [Mr. ALLEN] questioning what we are fighting for. He said that "The boys over there do not know what they are fighting for." Remember 15 years ago when Italy went into Ethiopia. If we had a United Nations organization 15 years ago and had stopped Mussolini at that time and if we stopped Japan when it went into China 13 years ago Hitler would have never marched on Poland. World War II would have been prevented. The fight in Korea may serve notice on Stalin that the free nations of the world will fight to stop aggression. A victory in the Korean fight which we are now engaged in may prevent world war III.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 6 minutes to the gentleman from Massachusetts [Mr. HERTER].

Mr. HERTER. Mr. Speaker, the bill that is made in order by this rule and that is being discussed by the House at this time is a very extraordinary piece of legislation, taking into consideration the circumstances under which it is presented to us. We are today suffering from what the gentleman from Illinois has recently described as a rise in prices, due to a number of things. The principal one has been a great demand caused by people who are afraid of scarcities, who want to get into the market and are buying excessively at this time in order to hoard and to increase their inventories. But even before the Korean issue we were beginning to suffer from an inflationary trend in this country as the result of excess credit.

We have today something like $40,000,000,000 worth of mortgages outstanding on real estate. We have built up at

the rate of $500,000,000 a month consumer credit for the purchase of automobiles, refrigerators, television sets and so on, all of this an artificial priming of the pump, giving people more purchasing power with which to buy commodities which are not in sufficient supply. That automatically has forced prices up. This situation has been accelerated by the terribly serious situation that we face in Korea.

The bill that comes before us does not in any way meet the situation. There is not a single thing in the bill which today could stop an immediate rise in prices. There are some very drastic, and in some respects over-drastic, provisions in the bill with respect to the curtailment of credit, particularly on real estate, which might result in the violation by Government action of every contract entered into between the sellers and the veterans who are building small houses.

However, that is not the essential issue. The essential issue is whether or not the economics of this bill are in any way sound. It provides for allocations, and we are told that allocations are the prime necessity of the moment in order that there will be sufficient steel, aluminum, and so forth for war matériel. The minute you begin to allocate any commodity because it is scarce, and that is the only reason for allocating it, you have to take it away from somebody who has a demand for it and give it to somebody who is going to turn it into war matériels. The minute you take it away from a person who has a demand for it, at once the product that he was going to make, be he a small manufacturer or large manufacturer, is going to be in scarce supply. At once the price of that supply is going to go up; at once everybody who wants it is going to try to purchase it before anybody else; at once everybody is going to try to hoard it. So it follows immediately the minute you monkey with our economy by allocating—and I think allocating is essential—you at once have to follow that up with price controls and rationing, and there is no use kidding ourselves that we can do a piece of this thing without doing the other thing. If we begin doing a piece of it, as provided for in this bill, merely allocation, we are going to dislocate the economy of this country to a point where, when we have to come to price controls and rationing, we will have to be backtracking in a very unpleasant and difficult way, and we will have to recognize a lot of inequities which have grown up in the interim period. As I see it, the problem we are facing today, as it has been outlined by some of the previous speakers, is whether we believe we are now moving into a war economy, where we have to do on the home front a number of unpleasant things that we do not want to do, but have to do in order to keep and balance our economy for the long pull, or whether we are going to take this situation lightly and say we can build all the war necessities on top of our normal civilian demand, and get away with it. My personal view is that we cannot do that; that we have to make up our minds in the next 2 days which way we are going.

There is one thing, however, in connection with this bill which I resent bitterly. As I pointed out at the outset, there is not a single urgent matter taken care of in this bill. We have a lot of credit controls today available to the Federal Reserve, and the Federal Reserve has been dragging its feet like nobody's business in exercising existing powers it now has to contract the credit of this country. We have allocation powers to take care of the more urgent war necessities, so that there is nothing immediately needed in this bill; nothing that will meet this situation of rising prices about which complaint has been made. Yet there was not brought before the committee that produced this bill a single representative of business, a single representative of labor, a single experienced person in the direction of our entire economy. Everyone of the witnesses was an individual who had no personal experience whatsoever in the handling of our economy. General Bradley may be a great man and a great military man, but I do not think a single Member of this House would expect him to give expert testimony as to how we are to conduct our own internal affairs from the point of view of the direction of our internal economy. No one was drawn on to try to point out the simple economics of this picture. You just cannot do this thing piecemeal, and if we attempt to do it piecemeal we are going to have chaos which will be infinitely more difficult to rectify at a later date when we are forced to resort to price fixing and rationing. It seems to me if we are going to do the right thing, we are going to give to the President of the United States the powers to institute controls that may be very painful to us, controls we will have difficulty of getting rid of later, but controls on the domestic front that will maintain a stable situation in order to give proper backing to those boys overseas.

Mr. ALLEN of Illinois. Mr. Speaker, I yield the remainder of my time to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, in all my 16 years in the House I do not believe I have seen the House of Representatives approach any matter of great importance and consequence in the state of confusion that exists here at this time. I understand that when we are in trouble, to talk about confidence in the leadership may be rocking the boat, and some may not think it completely patriotic. However, I think that some things have to be said now and then if we are to bring order out of confusion and chaos.

First of all, of course, I can understand why the people of the country are confused and why we are confused, because it was not long ago that we were all told that Korea was outside of the perimeter of the defense of this country; that our troops should be withdrawn; that it was of no strategic importance to us and could not be defended anyway.

Then, overnight, with apparently no one understanding just what was expected of us, no one knowing just what the job might be, we are all at once at war in Korea.

In like manner, it was not so very long ago that we were being told from the White House that there was no necessity for any sort of even stand-by control over prices and wages, that all we needed was some power about allocations and requisitions and some other things; let all the rest of it go. Here we are today. A headline in the paper says, "Truman drafting own stand-by control plan." Why, I say, how can anyone deny that there is a state of confusion, and how can he question from whence comes most of that confusion?

Let us just take a look at this. Here we have before us a bill that does not deal with prices or wage controls at all. It has to do with allocations and restrictions and some other things. No one has yet contended successfully, so far as I know, that there was any emergency or is now any emergency in respect to the matters covered in the bill pending before us. Who has indicated that there is any lack of steel for a defense project now in being? No one. Who has indicated any important necessity for allocations? No one. For requisitions? No one. Yet on that bill, not on price and wage control, mark you, the committee did not hear a single representative of industry, of agriculture, or of labor.

This is a most important matter which confronts us. Certainly to legislate properly upon it we should have the advice of the people who know most about it. Again, I say there was no emergency and is now no emergency in respect to the provisions of the pending bill.

I am not so sure but what if I had been a member of the Committee on Rules, although I can understand the pressures that are exerted in a time like this, it might well have been said, "Since there is no emergency, take this back to the committee and study it and find out what we really need and what is good and what is bad."

If there was any emergency and if there is today any emergency it is that which arises from increases in prices of the things that people have to buy. If there is any necessity for immediate action, it seems to me to be clearly in the field of price and wage controls. Yet there were no hearings on that feature at all, none at all. There are no such bill or proposal before the committee.

So here we are. I have no doubt but what the folks on the Democratic side in the majority on the Committee on Banking and Currency probably have in their pockets this bill that we are told has been drafted downtown. I do not know how soon it will be forthcoming. Whenever they trot it out, we will have to take a look at it.

Of course, if the administration knew just how serious this threat to our national security would develop to be, if they had foreseen, as I say competent people with all the inside information should have foreseen, the circumstances that would here confront us, why did they not come up here immediately upon the development of the situation in Korea and say, "Freeze everything for 30 or 60 days, you people in Congress, Let us call a halt to any increases. Then you take the time to look around and

see just what we need." There, again, that has not been done.

In respect to the pending bill, I think there should have been hearings on the propositions advanced in it. I would still like to see such hearings.

I think it is quite apparent we are not going to have them, so probably about all anyone can do at this juncture is to say for the record, with all the power at his command, that before those broad powers contained in the provision of the pending bill are put into effect, the people who will be affected by them and who will have to live with them and who will have to do the job of production which this country must have if we are to be successful, be consulted step by step in order that wrong and damage not be done.

As a matter of fact, the provisions of the pending bill go much further than, in my opinion, they need to go. There is a lot more there than meets the eye.

As to price and wage controls, apparently we are going to have that in this bill too. I do not know whether it is going to be the Deane substitute, or the Kunkel substitute, or whether it will be the Spence substitute. I do not know. I do have some convictions about what ought to be in it. If we have price controls, are we not going to have to have wage controls right along with that. I know for many people that is not very good music. Many people are not very happy about it.

Whether they are going to be stand-by controls, or immediately effective, I do not know. And what is to be done about prices to the farmer. Many of his prices are now below parity. If I knew just what the Truman administration people were proposing, I would have a little better idea about what we might expect. Whether they are going to be across-the-board, or just some selective items, I do not know. I think it is a fortunate thing that many of us here served through those difficult days when we were struggling with the problems of price control, rationing, and wage controls during World War II.

The Congress never faced a more difficult situation than that which confronts us today. We have not been adequately informed to meet it. But I hope, and as a matter of fact I am sure, out of the collective judgment of the people who now constitute the House of Representatives, we can come up with the right answer even though we have not had the sort of assistance, help, and information that we should have had.

Mr. LYLE. Mr. Speaker, I yield 9 minutes to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Speaker, I am sure we all have troubled and perplexed souls today over this momentous question which we are called on to decide. I suspect when we search those souls, we would find first that as free Americans living in a great democracy we are fundamentally and basically opposed to regimentation such as controls bring about. Then I think we would find when we searched a little further and read the press reports of the boys who are dying over there, we would feel it incumbent upon us as patriotic Americans and liberty-loving people, to give them every support we have at our command.

The question seems to be whether we are going to have a limited control bill such as has been brought in by the Committee on Banking and Currency by the narrow margin of one vote, or whether we are going to have an all-out across-the-board control law.

Again, our individual souls are going to be put to the task of deciding, tomorrow possibly, which horn of the dilemma we will take.

To arrive at a proper conclusion—and certainly I do not profess to have the proper conclusion or analysis—I think we must try to analyze the situation as it presents itself.

Five years ago this month, Mr. Speaker, a small band of us in this House spent 2 weeks in Russia during our 2 months' study abroad of economic and political conditions. Some of that time was spent in the Kremlin in conferences with that man of mystery, Mr. Stalin, with Mr. Vishinsky and Mr. Beria, and other members of the Politburo. We saw the regimentation of those people first hand. We came out of there with certain conclusions. Among those conclusions I recall three most distinctly. We wrote them into our report to the Congress in the form of recommendations for the administration and the Congress to consider.

No. 1, that in our judgment Russia did not want war with us any more than we wanted war with them.

No. 2, that Russia was determined, through Stalin and his little band of fellow conspirators, which made up the politburo, to gain world control and domination using communism as a front. That to do this she would do everything within her power to prevent our attaining the one goal in which we were interested, namely, world peace. That she would accomplish this by using every means within her power to bring about world chaos and confusion, placing a hurdle here, an obstacle there, and a barrier elsewhere.

No. 3, that the United States, Great Britain and the other allied powers must abandon our Chamberlain-like appeasement policy and adopt a firm policy in dealing with our late ally, Russia. Further, that firmness and power is the only language that Russia understands.

To implement those recommendations, as chairman of the Postwar Policy Committee, I introduced a resolution in the beginning of the Eightieth Congress which would declare that, among other things, as our policy.

Unfortunately, it would now appear that our prediction proved only too true.

There appear to be many lines of thought and speculation as to whether this is a police action or whether it is the beginning of world war three. If my analysis of the situation is correct, it is not necessarily either. It could well be a part and parcel of the Communist plan of confusion, chaos, divisions, and destruction.

I point out to you in substantiation of this that in all of the countries which have been taken over by Russia since the closing of hostilities and brought into her orbit of influence not a single Russian gun has been fired by a Russian soldier. Czechoslovakia and all of the others have been taken under the iron thumb and behind the iron curtain through the simple process of bringing about division, confusion, chaos, infiltration and finally revolution. Moreover, it is generally conceded by all military authorities that Russian arms could march to the English Channel almost overnight. Again, is there one here who doubts that Russia yesterday or today could prevent the landing of our troops at Pusan if she were ready and willing to risk all in an all-out warfare with this country and our allies?

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield to my distinguished friend and colleague.

Mr. COX. You know Russia can also return the North Koreans to the area that they formerly occupied.

Mr. COLMER. Yes, permit me to say to my devoted friend that in the present situation she can do almost anything that she wants to do, and I might add that Russia today and ever since the war ceased has been calling the signals and pulling the strings.

Again, if I am correct about it, terrible as the thought may seem, somewhere along the line we may have to take the initiative rather than to be strung in Russia's own pattern all over the world at every point so that we will not be strong enough at any one point to resist them. Russia so wants to weaken our economy that she can make us ripe for a revolution in this country and then take over as she has done in other countries.

Now, again, on that premise, if we are to be confronted with one incident after another, then we are in war, to all effects, and we ought to do something about it.

Yes; the President and his advisers who make our foreign policy might well consider reluctantly, I grant you, but nevertheless they may be forced to consider the necessity of our taking the initiative rather than playing into the hands of the master minds of the Kremlin. At least, we must be prepared for such an eventuality.

No, Mr. Speaker; it is my thought, for whatever that is worth, that this is not necessarily the beginning of world war III. When the Korean incident is settled, one way or the other, then Russia will start in another area of the globe to bring about further confusion with another incident, possibly Iran, Greece, Turkey, or who knows where? Then, when that is settled, another incident somewhere else, and perhaps two or three incidents at the same time in different parts of the globe, always using her puppet nations or agents—all in furtherance of obstacles, destruction, confusion, and chaos—all leading to her one objective—world revolution.

Therefore, permit me to say to you, my colleagues, that the world picture is not a pretty one. And the coveted goal of peace appears to be years and not months away. It may be later than some people think. Therefore, if we are

going to mobilize our efforts it should be on an all-out, across-the-board basis. We must avoid the pitfalls and errors of the past. We found out in the last war that we could not have partial controls. If you are going to regulate the prices of commodities, then you have got to regulate the price of the chief cost of the commodities, labor. Some people in this country, some people in this Government do not want that; but you cannot eat your pie and keep it too. If we are going into this field, then we ought to go all out and see that everybody bears an equal portion of the burden.

Mr. Speaker, we face a very serious situation, as I said, one that calls for the most patriotic careful thought that we can exert and that we can practice. I do not think this is any time to blame anybody here or there, in this position or that position; for what has occurred or for what might occur. As the distinguished chairman of the Committee on Armed Services said here so aptly the other day, regardless of who got the ox in the ditch, it is our obligation and our burden to get the ox out of the ditch.

Mr. Speaker, in my humble judgment, for whatever that is worth, we are in for many more Koreas, many more such incidents, unless as I intimated a moment ago we are driven to the initiative. God forbid that coming events will make that necessary.

In the meantime there is no place for selfishness, greed, a business as usual policy, or politics as usual. The American boys who are fighting and dying on the Korean Peninsula find this to be war regardless of what others may call it. We can do no less than give them and their loved ones our all-out support.

The SPEAKER. The time of the gentleman from Mississippi has expired. All time has expired.

Mr. LYLE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 9176, the Defense Production Act of 1950, with Mr. SMITH of Virginia in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the time is divided equally between the gentleman from Kentucky [Mr. SPENCE] and the gentleman from Michigan [Mr. WOLCOTT], and is limited to 1 day; so debate will conclude when the Committee rises this afternoon.

The gentleman from Kentucky is recognized.

Mr. SPENCE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, it is purely coincidental but it may be significant that the last two digits in the number of this bill are "76." It evinces the spirit of 1776.

Why are we in Korea? This Nation was dedicated to the principle, and it is self-evident, that all men are created equal, endowed by their Creator with certain inalienable rights. Among these are life, liberty, and the pursuit of happiness. To secure these rights governments are instituted among men deriving their just powers from the consent of the Government. It did not state that all men are equal financially, equal intellectually equal morally, equal in strength, but that all men are equal. All men of whatever race or religion or wherever they may reside are endowed with equal rights.

It was in performance of that principle, and adherence to it, that with the aid of the United Nations we sponsored the organization of the liberal government in Korea south of the thirty-eighth parallel. They established a free government there, a government that was dedicated to the same principles to which our Government has been dedicated.

Koreans are a homogeneous people of one religion, of one race, with deep attachments to one soil. It was not long after the Republic of Korea was established that it was brutally attacked by the Communist people of northern Korea. This uncalled-for attack demonstrates that two ideologies cannot exist together in a peaceful world. We had to go to the defense of the Republic of Korea because we were committed to it.

We have to see that these little nations that are speaking for the liberty and the independence of the people shall not be destroyed, not only for their interest but for our interest.

Russia selected a theater of war that was well adapted to her. By reason of the remoteness and inaccessibility of the country it has placed a great burden upon us. But we have got to see it through.

There has been some talk about the confusion that exists in this bill. There is no confusion on this side. We reported this bill by a vote of 20 to 1. The only confusion that has been brought about has been due to amendments that were proposed in committee, and I presume they will be proposed on the floor. The President must deal with the great responsibility that is upon him. He must deal with a responsibility that few men have placed upon them. He wants this bill. He wants the bill as reported by the committee. He wants that bill because he thinks he can accomplish the purposes that are desired to be achieved by it.

They ask us why we did not invite great numbers of people to testify. We did not invite them because if we had opened the door there would have been hundreds who would have wanted to come in and most of them would have testified against the inappropriateness of restrictions being put upon them. That is natural, of course. The interests wanted to come in, but we did not let them come in because we were told that expedition is necessary.

Nero fiddled while Rome burned, and we did not want to do anything that would prolong the rise in prices that is now taking place. You talk about controls. We do not like controls and the President did not want to put any more controls on the people than he thought were absolutely essential to accomplish the purposes which he was trying to accomplish. Was that not natural. Yet, when were in the committee the constant complaint and criticism of the minority members was that these controls were too stringent; that these controls might make him a dictator; that he might use them for improper purposes, and there was an endeavor continuously to whittle away the authority that had been provided him in the bill. Then, without any forewarning, without any opportunity to consider it, an amendment was offered by the minority that gave him absolute power over prices and wages; powers that he did not ask for. Of course, there is confusion, but there is no confusion on our side. I can say to you now that the President wants the bill as we reported it. He wants to take this step by step. He feels that these powers are sufficient at the present time. He feels that if he needs more powers we will grant them to him. And, of course we will. What is wrong with that? If the President had asked for these powers I can see the reaction there would have been to that. They would say, "We are only in police action in Korea, and he is asking for despotic powers contrary to the principles of our Government."

Now, I like a little consistency, and I would like to see more consistency than I have seen in the consideration of this bill. Who did we ask as witnesses to come before us? Mr. Symington of the Security Resources Board, a very able man and a fine administrator, who knew of the resources of America, gave us an over-all picture. We had Governor Evans, of the Federal Reserve Board, who read a statement from Chairman McCabe, and we had that able Secretary of Commerce, splendid lawyer and outstanding administrator, the Honorable Charles Sawyer, who gave the benefit of his expereince. He ought to be the person that will control these things, because it is largely connected with his Department. Then we had that great man, a distinguished citizen and great general, Omar Bradley, and he painted the picture of what is going on in Korea, a picture that made every member there believe that expedition was necessary. What ought we to have done? Under these circumstances ought we to have listened to the requests of 100 or maybe 200 people who represented various phases of industry and activities of the United States and let them come before the committee to express their views? Should we have done that? Should we be condemned because we sent for the top men in the Government of the United States who had conferred with those who were most familiar with this subject? Or should we have opened the

door and let them all testify, actuated by special interests they had? I realize everybody ought to have fair treatment and I realize that that is a right in normal times to come before the committee, but it was just a matter of expediency and necessity that these hearings were closed.

Now we brought a bill to you that the President wants. He is responsible for it. He says, under those powers granted, he could control the conditions that exist today by allocations and priorities, by requisitioning commodities, materials and facilities, by expansion of production and supply and by the control of credit and speculation on commodity markets. That is what he said he wants, and we provided for it in the bill. Can any argument be made against that? When the very fabric of our Government, when the future prosperity and happiness of our people may be at stake, must we open the doors and let all testify?

The President did not want total mobilization, he did not want to regiment our economy. He wanted to do as little of it as possible. Yet he is criticized for that. He is criticized for that by those who want to give him a power he does not want. Why do they want to give it to him? May be it will not result in political advantage as they seem to think it will if we give it to him. I know the President will exercise any power that is given to him with a patriotic spirit that is worthy of the President. I know he has only one object in view, and that is to bring about conditions that will bring happiness and prosperity to all of our people.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from New York.

Mr. JAVITS. Under the requisition authority which is contained on page 30 of the bill I notice the President may seize property or the use thereof. May I ask the gentleman on that point, first, whether it is designed to enable the President to operate any plant he seizes?

Mr. SPENCE. Of necessity I think he could operate it. There would not be any point in seizing it if he could not operate.

Mr. JAVITS. Can the gentleman tell us what is contemplated as to terms and conditions of employment?

Mr. SPENCE. There is nothing in the bill in regard to the terms and conditions of employment. If the President seized a plant he would have to negotiate as to the terms and conditions of employment. Under our Constitution and form of government there is no power to make a man work if he does not want to work. You have seen that. You cannot enjoin a man to work. Of course, the President would have to make arrangements with the employees as to the terms and conditions of their employment.

Mr. JAVITS. I thank the gentleman.

Mr. SPENCE. I earnestly ask that the House not be stampeded by the statement that so much confusion exists, when there is no confusion, and vote for the bill that was reported by your committee.

Mr. WOLCOTT. Mr. Chairman, I yield myself 15 minutes.

Mr. JENSEN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty-three Members are present, a quorum.

Mr. WOLCOTT. Mr. Chairman, I can readily understand why many people would like to have but little confusion in respect to this bill. I think if there is an understanding of the bill there should at least be concern for the domestic economy. If there is an understanding of this bill and the powers which it creates, then I think the confusion can be excused.

Confusion in respect to this bill and the thinking in respect to this bill is due, if it exists, to the fact that this bill as reported out of committee goes ever so much further in the granting of authority and power to control our economy than has ever been given to the President of the United States during any of our wars.

It goes ever so much further in the granting of powers than we went during the Second World War.

I have a great deal of respect for Mr. Symington, but Mr. Symington was unable to give us any information in respect to the details of this bill. As a matter of fact Mr. Symington made the statement that there are no greater powers in this bill than we had delegated to the President during World War II. So perhaps the confusion might be due to the fact that the sponsors of this bill apparently do not know what is in it, because within 5 minutes after he made that statement it was pointed out in the committee that this bill gives new and most unusual powers to the President over and above what he had during World War II.

The Federal Reserve admitted that this bill grants to the President powers which he never had or which the Federal Reserve never had during World War II.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. HALLECK. I certainly do not want to interfere with the very splendid statement that the gentleman is making, but is it not also true that the powers granted in this bill go much further than the message indicated they would go? I refer to the message of the President which was addressed to the Congress seeking the enactment of some such legislation as this.

Mr. WOLCOTT. Yes; and I shall point that out.

Now, I want to point out some examples wherein this bill gives the President more power than he had during World War II.

In the first place, it gives him power to control the commodity exchanges, which he never asked for in World War II. It gives him the power to take any property, which, in his own opinion, is necessary for national defense. He did not have that authority in the Second World War. He could take it only for the production and distribution of materials of war. Theoretically, under this bill the President could make a finding that a rocking-chair factory was necessary for the national defense, and could take that rocking-chair factory and close it down. He never had such authority as that during the Second World War.

In respect to corporations which we authorized to be set up in the Second World War under 5 (d) of the Reconstruction Finance Corporation Act, the activities of those corporations were limited to the production, storage, and distribution of war supplies. There is not that limitation in this bill.

During World War II the President activated the sections of the Trading With the Enemy Act of 1917, under which he controlled, through the Federal Reserve, consumer credit. The President's control of credit in the Second World War was confined to consumer credit. This bill gives the President the power to control every dollar of credit which is issued by anyone. It gives the President the power, which has been sought on many occasions but always denied by this Congress, the power to control the lifeblood of the American economy, which is credit. If those provisions remain in this bill, then the President does not need any other authority. He has got a shackle hold on America that this Congress will have to release. Otherwise, there will be such confusion and uncertainty as to effect the economy during this time of stress, when it should be stabilized, even more than it was wrecked by trying to enforce an equally bad Price Control Act, which this Congress passed in 1946, after the President had vetoed a bill which would have authorized the gradual restoration of the liberties which we have been talking about here today, and the gradual elimination of price controls, without too much shock to our economy.

Why does the President want the power to control all credit? I should like to have someone explain where I am wrong.

The President is authorized to control consumer credit. There is not any reason why he should not have that power; as a matter of fact, he has the authority at the present time to control consumer credit. All the President has to do is to declare that an economic emergency exists, and he can reactivate consumer credit by that proclamation under Regulation W, or whatever you wish to call it, just as effectively as he could do it under this bill. The only reason that provision is in the bill, of course, is that the President apparently does not want the responsibility of declaring an emergency; he wants the Congress to take the responsibility of declaring the emergency. Well, there will be no trouble about that; we will not quibble on how it is done; there is no reason why we should not legislate to give him this power if he wants it, to reenact the power that he already has.

During the Second World War the President never sought the power to control real-estate credit; it was never given to him because he never asked for it. The President under this bill can stop every dollar of real-estate credit;

he can tell the banks that they no longer shall take mortgages on real estate; he can stop the Federal housing program notwithstanding the language on page 40, line 19. He can prevent the operation wholly or partially of the Veterans' Administration guaranty of veterans' mortgages. He already, by Executive order, has increased the amount which the veteran has to pay. He can stop the FHA program completely or partially; he can stop the operation of the Federal National Mortgage Association. He can do anything he wants to do in respect to any credit. You will find the definition of credit on page 42 of the bill; you will find the definition of real-estate credit on page 41, and also on page 41 of the bill you will find the definition of consumer credit. Of course, if the credit mentioned in the definition on page 42 applies, as some of them may tell you from now on, only to consumer credit, then there would be no necessity of having that definition in here, for the definition of consumer credit, of course, would apply to that. The definition of credit on page 24 must be read in connection with subsection (b) of page 39 in which it states:

No person shall extend or maintain any credit—

It does not say "consumer credit"; it does not say "real-estate credit"; so it must mean all other credit; it cannot mean anything else—

or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section.

That section would reach right down to situations between individuals. I just want to show you how far reaching this bill is in that respect. I will not use this as a ridiculous example but as an example which can become very realistic.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 15 additional minutes.

Mr. Chairman, we may assume for the purpose of this example that I go to you and borrow $100. I say to you, "I will pay you $50 next week and I will pay you the other $50 the following week." If you lend that money to me and I accept it other than in accordance with the regulations of the President, you and I may go to jail for a year and be fined $5,000.

Now, is there not justification for a little confusion in people's minds when you ask for that kind of power? It was asked for in 1935, Mr. Chairman, and we denied it. It was asked for again in 1939 and we denied it. It was not even asked for as a part of the controls during the last war.

Surely, even though we might expect, as many of us do, that Korea is merely the start of a series of incidents which will eventuate in a world war, the drain on the American economy and the necessity for powers to control the economy will be no greater in the event of a third world war than they were during World War II.

I am in favor of giving the President all of the powers that he had during World War II. No more. These things were threshed over hour after hour, day after day, from 1941 to 1946. These are not new questions; these are not new problems.

Mr. Chairman, I do not want to be a party to the possible socialization of America in the name of an emergency. If we must socialize America to meet an emergency, then, of course, there is a tremendous weakness in the democratic form of government and I shall not acknowledge that there is any such weakness in a republican democracy as would justify the change of this form of government to that of a socialized state under a dictator. We have always fought our wars under and not in spite of the American Constitution. We have been successful up to the present time in saving the American system after each of our wars and restoring the liberties and freedoms temporarily taken from the people to the people. And we will do it this time unless we give the President such new and unusual powers that in the use of those powers he will destroy the foundation of our Government, which is the American economic system. You destroy the American economic system and you will have effectively destroyed America. I shall not be a party to it. But, I shall give the President all the powers he needs to stabilize our economy during world war III and this threat of world war III. We should give him power to allocate; we should give him the power to exercise priorities and the distribution of all materials; we should give him the authority to even take plants as he was given the authority during the Second World War when it became necessary to take those plants or set up new plants for the manufacture of war goods; we should give him the authority to control prices; we should give him the authority to control the costs of production, including wages; we should give him the authority to ration consumer goods as a means of stabilizing the economy in order that war production might go forward. We should give him all the powers he needs, but no more.

Up to the present time there has been no use whatsoever of the powers which the President has today to prevent inflation; inflation in the real-estate credit field, inflation in the consumer-credit field, inflation due to credit expansion. I asked the representative from the Federal Reserve Board whether this was a currency or a credit inflation. He said this is a credit inflation. Well now, if this is a credit inflation, and I think we all agree that it is a credit inflation, the way to meet that problem is not by these little more or less inconsequential but irritable consumer credit controls. Trying to control the velocity of credit by controlling consumer credit is like trying to prevent the inflation of a child's balloon by resting your finger lightly on it; it means about just as much. You have to get to the source of that credit.

Now, what is the source of that credit? The source of that credit is, of course, the banks. Without the banks there can be no consumer credit, and there are orthodox methods set up for the control of credit. Do you know that the Federal Reserve Board today has it within its power to make it impossible or rather, impracticable, for a person to borrow a dollar anywhere? The Federal Reserve Board could put a rediscount rate on loans, sufficiently to dry up every dollar of credit in the United States, and instead of that they are maintaining credit almost as cheap as it ever has been in the history of the United States. The banks can go to the Federal Reserve banks and get their money at 1½ percent. Six or 8 months ago it was 1 percent. They raised it to 1½ percent. Why do they not raise it to 7 percent if they have to? It was up to 7 percent in 1929.

Why do we deliberately keep money cheap and credit cheap, and then wonder why we have high prices? Why do we continually talk about consumer credit controls when we have it within our power to stop all credit, consumer and otherwise? Why are we talking about giving the President in this bill control of credit, when ever since 1913 under the action taken by this Congress there was set up the Federal Reserve Board as the agency for the control of credit, and we gave them the machinery with which to control credit? We do not have to give the President these new and unusual and autocratic, perhaps, powers.

As late as 90 days ago FHA reduced the interest rates on real estate mortgages from 4½ to 4¼ percent, to make real estate credit easier. Why now give the President further authority to control real estate credit, until he has used the authority he already has, and now is the time to do it? In other words, these credit controls should not be given to the President or anyone else until the power and authority which he now has and the authority which the Federal Reserve has is fully utilized. Then if these powers are not sufficient to do the job we can give consideration to giving more power.

Why does the President insist on keeping the gold reserve behind the issuance of Federal Reserve notes at 25 percent?

It was reduced from 40 percent to 25 percent. Why does he insist upon that when the restoration of the gold reserve behind Federal Reserve notes from 25 percent to 40 percent would freeze that much of the gold base upon which so much of this credit is predicated? Why does he insist upon keeping the gold reserve behind deposits at 25 percent, when it was traditionally 35 percent up to the time we reduced it to increase the volume and velocity of credit?

Why does the Federal Reserve, or the Treasury, which dominates the Federal Reserve policy today, insist that Government bonds be supported above par? We agreed with the people to pay them par. We never agreed with the holders of these bonds, most of which are in the banks, to pay them more than par. They are being supported today by the Federal Reserve at above par, which is admitted to be inflationary.

Why does the President want these unusual controls? We should not give him these controls until he has used those credit controls which we already have given him in an attempt to stop prices from going any higher.

There is a job that has to be done here and the President should have the authority and he should have the responsibility to stabilize our economy. So we should give him all of the powers he had during the Second World War, but not the powers in this bill.

I have been asked what could we do by way of amending this bill to do that? That would confound the confusion to a point where we would not know where we are going. I think the better plan is to wrap it all up in one package and read it all in one program. We will give that to the President and then say to him, "Mr. President, here is the authority to stop prices from going higher, which added to the authority you now have under existing law should be sufficient to do the job. If it is not sufficient to do the job after you have tried it, and if it does not go far enough, come back and show us wherein you need additional power, and we will consider giving it to you." That is my idea of what we should do at this crucial moment.

The gentleman from Pennsylvania [Mr. KUNKEL] has worked assiduously under the most trying circumstances to try to get such a program together. I hope it will receive the attention from the committee that it deserves, because it is a good program. It is the program under which the job was done during World War II, and it is the program that will authorize and empower the President to do a similar job during this crisis.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. BROWN].

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Chairman, I am supporting the bill reported by the committee by a vote of 20 to 1. I am not supporting the proposed substitute to place controls on the prices of every commodity produced in this country. I am not for the amendment which I hear will be introduced by some Member on my right to give these controls to the President of the United States to use when he wants to.

I am standing by the committee bill.

I am surprised at some of these speakers who start out by saying that the bill goes too far and then before they finish their argument they say it does not go far enough. When you put price controls on every commodity produced in this country, it will be a generation before you get them removed. Therefore, this is a time for sober thinking. I know back home the people are dissatisfied, but this is a time when men must keep their feet on the ground.

Here we are being urged under a wave of hysteria to control prices on commodities when there is an abundance of foodstuffs everywhere, enough for our Army and enough for our civilians. We have over 450,000,000 bushels of wheat; over 900 bushels of corn; 7,500,000 bales of cotton; plenty to eat and plenty to wear, and yet some want to put on controls. Why do you want controls? In World War II we removed controls as soon as we had a surplus of any commodity. Here in peacetime, before we have declared war, some are advocating placing controls on every commodity in the United States, and the record shows that we have an abundance of everything to feed and clothe the people of this country.

I say to you again, not in your lifetime or in your generation, when you take this step to put controls on every commodity, will you live long enough to see them done away with.

Take rent controls. Even 6 years after the war you still have rent control.

This is a serious question, and I hope nobody in this chamber will try to play politics during these trying times. I feel that all want to win this Korean struggle. We all feel keenly about backing and protecting our boys, and we want to do everything we can. If you put on controls you cannot do it so quickly. It will take from 6 to 7 months before you can get controls and have them administered properly, under the proposed Kunkel or Deane substitute. Then we will either be off the Peninsula of Korea or we will run them back across the thirty-eighth parallel.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. BROWN] has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. BROWN of Georgia. Now, there are two schools of thought. One is the bill reported by the committee. And they talk about this bill being too severe. I am surprised at any one talking about this bill being too severe. It gives authority to do what? To allocate the materials of war, and why? Because some of those materials are scarce. Steel is scarce. Copper, lead, and other critical materials are scarce. We have a sufficient supply of steel, I understand, to supply the needs of our country at present, but this critical material is not strategically located so as to meet our civilian needs and to supply our armed forces. Who objects to taking some steel away from the automobile factories of this country in order to use it to make weapons of war to back our boys, and take them off the shores of Korea, or any other spot in the world? That is one commodity of which there is a scarcity. The bill allocates it. It is true that every one who uses critical materials will have to give up something, and I believe every one wants to. Of course the bill puts some restrictions on credit, but principally on installment buying.

The chief purpose of this bill is to authorize the President to requisition plants and facilities, to allocate materials needed for the Armed Forces, and to tighten bank credit by curbs on installment buying.

The other school of thought is to place controls on all commodities now when we have a reservoir of foodstuffs and staple commodities more than adequate for our present need. Just a few weeks ago many Members were inquiring what we were going to do with the surplus of our agricultural commodities. Those same people today are asking for rationing—yet the foodstuffs are still in our supply stream and readily available. Gentlemen, unless we exercise the due caution which is our duty we will be compounding the scare buying which has been occurring in some areas recently. When we have full production like we have now there is no cause for inflation. When the people back home know that we are sincere and believe that we have enough food, enough clothing, enough of every commodity, that in itself will defeat inflation, and that is the only way to defeat inflation. In the clamping down of controls you will see the wheels of industry stopped, to a great extent; you will see the cultivators and the people working in the fields reduced to a minimum and then you will have failure of production and more inflation.

We must let the people back home know the true situation, that we have an abundance of all commodities, and that it is unnecessary to rush to the market to buy things they do not need. Yes; I know some say "Control everything, control everything"; but they do not understand that we have an abundant supply of everything—more than is required. The object of any control is to defeat inflation, and you have it defeated when the people know that you have a sufficient amount of every commodity.

Let me relate again the chief purpose of this bill is to authorize the President to requisition plants and facilities. Who objects to that? What man who owns a facility or plant for the making of the tools of war would not let Government have it in order to free his son or his neighbor's son from overseas? What else does it do? It provides allocations of material needed for the Armed Forces, and tightened bank credit by curbs on installment buying. I know there are one or two things that could be cut out of this bill; we took three or four objectionable features out of the bill ourselves. I think the real estate section is objectionable. You can cut that out if you want to by amendment. Some people do not agree with me in this.

I do not believe commodity exchanges ought to have been included in the bill. I introduced an amendment to this section, which was adopted, for the purpose of meeting the objections but I understand now that the amendment is not altogether satisfactory and may not be workable. You can cut that section out entirely by amendment. So, if this bill does not suit you, offer your amendments to carry out your objections, but for goodness' sake, do not let this fear that is going all over the country that we do not have enough food, enough clothes, go unchallenged. We have enough of everything on earth except the scarce materials we need for war purposes.

The CHAIRMAN. The time of the genleman from Georgia has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. BROWN of Georgia. And now, as to those who testified for the bill. Here is Mr. Symington, Chairman of the National Security Resources Board, a man that everyone has the utmost faith

in, recognized as one of the best businessmen in the United States, and when he was appointed to his present job it was heralded all over this country in practically every daily paper in the United States what a wonderful man he was, and what a grand selection the President had made. What did he say? "I want this bill." He helped draw the bill. He said further:

We do not want any controls now; we do not need them now, but we need what is in this bill.

Let me call the roll a little further. Here is the Secretary of Commerce, perhaps one of the greatest businessmen Ohio ever produced, from the great city of Cincinnati. His whole life demonstrates that he was a clean, good businessman and one of the best in the West. What does he say? He says:

We want the curbs in this bill. We do not want, and do not need, and cannot enforce at this time all-out control of every commodity in the United States.

Who else testified? Mr. Evans, a member of the Federal Reserve Board of the United States, another one of the best businessmen in the country.

What did he say? He was for this bill and wanted it passed immediately. Here are three of the greatest businessmen in the country. They are the men who helped write this bill. They were there. Of course, we want to win this war. They testified for allocation of critical materials needed for tools of war and for curbs on installment buying and against price control at the present time. Then the next witness was our great General Bradley whom you and I are relying upon to lead us to victory. What did General Bradley say? He said this bill carries out what we need now. He said that we need this and we must have this.

Mr. Chairman, when it is stated that we did not call businessmen who know about business, may I say that we not only called three of the greatest businessmen in the United States but we called the leaders, some of them occupying positions in the Cabinet, and we called General Bradley who is leading our military forces. Is there a man who will say we could have called any other witness who would have known more what they were talking about than the four we did call?

Mr. Chairman, the situation calls for action, it calls for immediate action on this bill. It is time to quit sparring around. It is time to think and not bring on controls on all commodities when these witnesses do not want them at the present time.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman one additional minute.

Mr. BROWN of Georgia. Mr. Chairman, let me say to the gentleman on my right, I am against your bill if you offer it giving the President stand-by authority to put in controls as he sees fit at the present time. If you are going to have controls I would rather see them across the board. I will fight that amendment the same as I will fight the one that will be offered from the left side of the aisle.

I do hope and pray that you will follow these leaders who know more about the situation than we do. If we have to roll back, the whole world knows the situation; if we have to roll back it will not hurt our conscience to roll back because the people of this country know that we will do it if prices continue to go up. But when the people find out that we have passed this bill and that there is an abundance of all commodities, you will see prices go back to their level where they ought to be. When you have controls, let me tell you, let me repeat, you will never get them off in your day or in mine.

We had hearings on this bill and no other bill. We did not have a single witness to appear for or against the proposed Kunkel bill or the proposed Deane bill. If you are in favor of complete controls let us pass this bill now and have a hearing, which can be started any time, on complete controls of all commodities, but our leaders who know more than you and I are calling for this bill immediately. Let us pass it, then if you desire let us have a hearing on the proposed bills referred to and decide at the hearing whether or not we want complete controls on all commodities across the board. Who can justify a vote against this bill in favor of the Kunkel or Deane bills when there have been no hearings at all.

Gentlemen, let me remind you that the outlay proposed at the present time to support our defense effort is $10,000,000,000. It does not require price and wage controls—for the amount is well within the range of normal economic fluctuation in our economy. Our present situation does not now require—in the opinion of our leaders—the capital outlays and the total mobilization which were needed at the beginning of the last war. The authority the President has requested and which the committee bill provides is adequate at this time. Our huge supply of foodstuffs will dampen the price increases caused by panic buying. Effective credit controls can contract demand for consumer durable goods. These are the instruments to use to stabilize our economy. A general freeze in prices and wages will result in untold inequities—unnecessary maladjustments in our economy. In fact, they may well retard the effort we must make at once. If we do not need price and wage controls, why should we risk the chaos that would be the inevitable result. It would take from 6 to 9 months to set up the administrative machinery to work out the chaos and disorganization resulting from a freeze. Does the House desire this result. Or does the House desire to provide the authority which is necessary to support our defense effort now—the authority which will do the job required—and do it in a manner which will expedite the things required to be done. We do not want disorganization now. We do not want to upset our economy. We want to stabilize it. The committee bill does that. Freezing of wages and prices at this time will do just the opposite.

Again I caution my colleagues to give due recognition to the facts of the situation before embarking on a course which our principal advisers tell us is not required now—and one which may well undo what we here today desire to accomplish.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. GAMBLE. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, the toughest vote I will have to face in my 16 years in this House will be the vote to reinstate price and rationing controls on the production of goods for peacetime and wartime. I mean price controls and production controls.

In studying the bill that has been reported by the committee, and I refer to that printed matter in H. R. 9176 which does not have lines drawn through it because I am not too clear on what is before the House, I find that section 2 is a proposal which I do not believe I can vote for under any conditions. And I think I shall offer an amendment to strike that section from the bill. That is a declaration of policy which talks about the United Nations Organization and what this country is going to do, and so forth, in connection with that general approach. I do not think it has any place in this bill whatsoever, and I think the so-called policy which is set forth in the Kunkel bill, in the opening statement, is far more applicable to American industry and production and price controls, and what have you, than section 2 of H. R. 9176. I am surprised the committee put that section in this bill. I am not surprised that the administration recommended it.

The bill (H. R. 9176), on page 32, title 3, deals with expansion of productive capacity and supply, and if I understand section 301 it gives the President of the United States, under such regulations as he may prescribe, the right to take the Federal Reserve bank, as a fiscal agency, and go out and expand loans and build any kind of a plant, produce any kind of goods, which comes within the scope of this general approach, as deemed advisable by the President, and in my opinion sets up the machinery to provide a complete taking over of American industry by the Government of the United States through this mechanism here provided.

Section 301 in connection with section 401, control of credit, certainly enables the President of the United States to take over the control of credit through private channels.

Then in section 301 he can create his own credit-making machinery, using the Federal Reserve bank as a mechanism:

To guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution.

In my opinion this will be one of the greatest deterrents to private enterprise doing the job that has ever been laid

down by the Congress of the United States.

Over on page 34 you find this language which I think under the political operations of this bill would prove to be absolutely pusillanimous, and it is on lines 18, 19, and 20 on page 34. All of these things can be done "except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms."

Well now, who is going to determine what reasonable terms are? Any of you who ever sat on the board of a large bank, where you determine whether or not credit lines shall be extended for the building of plants, extension of productive facilities, the building up of inventories, the opening of new territories, things of that kind, know what twisting and squirming can be done with language such as that, especially, speaking very boldly, when powers like this are placed in the hands of politicians. I think the bill is just as dangerous along that line as anything can be.

Now we go over to section 411, commodity speculation. I have no idea on earth that the other body will leave section 411 in this type of a bill. I do not think it should be in the bill at all. I think it ought to go out of any bill that we pass which deals with this general subject. Those are some of my own views with respect to H. R. 9176.

Now I am going on to the proposal in general. Here we are talking of initiating price controls. What does that mean? That means black markets.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I call the attention of the gentleman to section 101 on page 29 where there is a proviso at the end that this authority shall not be used to ration at retail level consumer goods for household or personal use. That is a limitation.

Mr. CRAWFORD. That is true.

Mr. AUGUST H. ANDRESEN. Now it would indicate to me that under the general language and authority of the bill, considering the definition relating to raw materials which is found on page 47, materials include: Raw materials, articles, commodities, products, supplies, components, technical information, and processes. It would seem to me that hidden within the privileges of the bill is a provision giving the President power to allocate at wholesale or ration at wholesale and to deal with food products, farm products, farms themselves, or any other institution or manufacturing plant that produces raw materials or goods that pass in interstate commerce.

Mr. CRAWFORD. Yes, I think they do that.

Mr. AUGUST H. ANDRESEN. Therefore, as I see it, if that is correct, then the President could put into operation the Brannan plan for American agriculture and seize farms if the farmers did not comply with the rules and regulations laid down by the Administrator appointed to administer this act, or he could put into operation any other scheme that might clearly control the production of civilian goods under the authority in this bill.

Mr. CRAWFORD. I do not think the gentleman is stretching his imagination in those observations at all.

As I said a while ago, reinstating price controls and rationing puts us back into the black markets. It discourages production, without question; and it not only discourages production, it prevents production. I have not seen anything in this bill, and if I am not correct in this the chairman will correct me on it, which has anything to do with the control of wages or the prevention of strikes. Is there anything in the bill which would give the President power or control over one of those propositions to prevent strikes?

Mr. SPENCE. No; there is nothing in the bill. We have taken no powers away from him that he has, but there is nothing in the bill to prevent strikes.

Mr. CRAWFORD. The other day I voted against the selective-service bill that came through here, and I voted with three other gentlemen of this House. I was not then and I am not yet in favor of putting a small group of our people under compulsion and leaving everybody else free. I do not think the tax rates under the present conditions are as high as they should be. I think we should tremendously increase the tax burdens on individuals and corporations, both normal taxes and excess-profits taxes. I think that would have a great deal more to do with the prevention of inflation, or softening of the force of inflation, than anything in this bill that we have referred to will do. That would also let all of our people make some contribution, by compulsion through tax bills, the same as the boys are making who are being sent up to the front.

In other words, I should like to have the opportunity of voting for something which really has tremendous teeth in it and goes right to the crux of the situation and puts the burden on all of our people.

If we would increase the taxes fifteen or twenty-five billions of dollars a year to pay these new war costs and cut out this deficit financing, you would not have inflation.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. GROSS. Does the gentleman find anything in this bill which outlaws cost-plus contracts?

Mr. CRAWFORD. No, sir; I do not. I do not think this bill is efficacious at all along that line.

Mr. GROSS. As a matter of fact, on page 35, under paragraph (b) it provides that the President can continue the processes of the last world war on cost-plus contracts.

Mr. CRAWFORD. Yes, sir; that means big profits through war contracts.

Mr. GROSS. Certainly.

Mr. CRAWFORD. It means fantastic profits. It means brutal profits. It means extravagance and waste of the dollars provided by the bond buyers and the taxpayers.

I do not know what the other body is going to recommend to us in the way of a tax bill, but my guess is it will not be more than three or four billion dollars. I voted for the tax bill that went through here the other day before the Korean situation developed, and I voted so in the hope that I would have another vote on a different proposition when it came back from the other body. But now we are considering a proposal to give ten, fifteen, twenty-five, or maybe three hundred billions of dollars additional to be spent in the war effort. So let us put a tax burden on the people and raise some of that money as we go along.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. HOFFMAN of Michigan. I thank the gentleman. We are in the present situation either because the preceding and the present administration wanted us in it or because they are incompetent to handle the situation as it arose. Where did you get any idea or have you any idea that the present administration would now show any efficiency in administering this program? Where did you get the idea that they are more capable of handling it now than they have handled the other programs that got us where we are now?

Mr. CRAWFORD. I did not think that I had expressed that idea.

Mr. HOFFMAN of Michigan. I am just inquiring whether you had it somewhere in the back of your head.

Mr. CRAWFORD. I do not have any such idea at all because I was referring a while ago to the political aspects of this power. I know, as well as you Members know, that under this bill special privileged persons can go and get almost anything they want and reap millions of dollars of profit as a result of the special privileges proposed here.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield once more?

Mr. CRAWFORD. I yield.

Mr. HOFFMAN of Michigan. With General Vaughan and the rest of those fellows down there at the White House, who have been down there all during these years grabbing off these special privileges and making these profits, where do you expect—or do you expect that the average fellow is going to get a square deal out of that gang or out of any one of them?

Mr. CRAWFORD. No, I do not expect them to.

Mr. HOFFMAN of Michigan. Then why vote for it?

Mr. CRAWFORD. Let me go back to this tax thing again. People will say, "Why, that fellow is advocating a setting up of fifteen or twenty-five billion dollars in the new tax bill." Yes, that is what I am advocating. I do not want to be misunderstood about it. I am advocating that if we are ordering a big dinner party in the name of war, let us pay for it as we go along. That is tough medicine. That is very tough medicine. I am willing to make my personal contribution, up to 90 percent of my income. Who wants to go along on that?

I am talking about myself now. I am willing to give up to 90 percent of my income. I am willing to reduce my standard of living down to the raw bone and just as tough a proposition as any

doughboy has to put up with on the battlefield. Who is willing to go along with that? I am willing if necessary in connection with the tax proposal to contribute the Government bonds and saving certificates I have into the pool in order to pay for this game as we go along. Does anybody want to join me on that? That is what I am willing to do as an individual.

I have some idea of what those boys are putting up with. So let us not increase these flames of inflation by going along here with a lot of deficit financing and then trying to wash it off through a pusillanimous approach such as we have here. Let us go right to the heart of the thing and clean it up.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. GROSS. The gentleman wants everybody else to go along with him, does he not—that is the bondholders and all the rest of them?

Mr. CRAWFORD. Oh, sure. That takes in all of them who have taxable income. And let us be sure that we write a definition of what is taxable income so that it will be picked up.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman mentioned something about tremendous profits. They announced down here that you do not need 5-percenters to get contracts. Do you think that they are all picked for the chosen few?

Mr. CRAWFORD. Maybe they are.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. RAINS].

(Mr. RAINS asked and was given permission to revise and extend his remarks.)

Mr. RAINS. Mr. Chairman, I have heard a great deal of talk today about confusion with reference to this bill. There is a lot of confusion with reference to the price-control situation in general.

I noted that my esteemed friend from Michigan [Mr. WOLCOTT] said that the committee bill was too drastic and that it would give the President of the United States a shackle hold on the economy of the Nation. Yet in the breath just preceding he said that it did not have any teeth in it, so to speak, and you will note that colleagues of his on the committee offered a more stringent and drastic bill. Thus, the confusion.

The simple truth is that in the Committee on Banking and Currency the bill offered by my friend the gentleman from Pennsylvania [Mr. KUNKEL] was presented without ever having even been read. It was not a sincere effort for price control by Republicans in the committee. It was my feeling then, and still is, that there should be some kind of stand-by price-control legislation in this bill.

The other day I had a fair sample of it. A friend of mine down in Alabama wired me that he was in the chicken business and that he had a broiler business which averaged about a million and a quarter dollars a year; that he went around on his chicken runs to get his broilers and he found out that some fellow from New York had been down in that particular section and had paid unreasonable prices above the market, and he closed his broiler plant.

Today, since I have been here I have been approached by men interested in the lumber industry. I was amazed to find the terrific increase in the price of lumber within the last few days. More than that, it is clear that you cannot charge this price increase, this unjustifiable price rise, up to the farmer, because he is not getting it. More than that, I should like to say that you cannot charge it to the wage earner, because he is not getting it. The price increases—and they are terrific—which we have witnessed in the last 2 or 3 weeks have been unjustifiable. It has been absolute, plain, outright robbery of the American consumer. Somewhere between the man who produces it, whether he be in industry or whether he be a farmer in this country, somebody is not doing his patriotic duty in this time of stress and strain. So I would like to see a provision put into this bill whereby the President of the United States can, if necessary, roll back these prices to a reasonable point, because there has been no increase in labor and there has been no increase from the standpoint of the farmer.

I noted in the paper today that four divisions of the National Guard are to be called up for active duty. One of these may be the Thirty-first from Alabama and Mississippi. In the last 3 or 4 days a call to active duty was sent to members of the Alabama National Guard of my district, combat engineers, to report on the 14th. I think when the time comes, whether it is a police action or war, that we can take from the homes of America young men to fight in the battlefields far away from home, we should not quibble about holding down run-away prices.

So, Mr. Chairman, today we are doing a job that I had hoped, and as all of you who served with us in the earlier war days hoped, we would never face again.

I dislike price controls very much, but I think I can tell you because of recent trips to Alabama this month, that the people back home are away ahead of us and that they are demanding a stop to these unjustifiable price increases. So I say, before we get through with this bill, let us give to the President the powers that he needs to curb inflation and let us give him stand-by controls to hold down prices.

Mr. GAMBLE. Mr. Chairman, I yield such time as he may desire to the gentleman from Connecticut [Mr. LODGE].

Mr. LODGE. Mr. Chairman, outnumbered and outarmed, but not outfought, American troops are making an heroic stand on Korea. I join my fellow citizens in the deep prayer that, by virtue of their sheer courage, our soldiers may be able to cling to a beach-head until adequate reinforcements in men and equipment are brought to their aid.

The dismal events of the last 5 weeks on that remote peninsula should convince every American that we can no longer temporize with the grave threat of Soviet Communist aggression. Surely, this is no time for business as usual—no time for politics as usual. On our willingness to incur certain small discomforts may well depend the opportunities and the freedoms which we now enjoy. This is a juncture in which America must be able to translate her enormous latent strength into actuality; for, if we fail, the penalty may well be slavery or death.

The war in Korea is but the outward manifestation of an onslaught against freedom which has been in process for many years, and particularly since the year 1945, when our leaders threw away the peace. It is but the tip of the iceberg of Soviet aggression. Beneath the waves lies the great bulk of the forces of communism which, by external aggression, by infiltration, by bribery and corruption, by intimidation and coercion, have captured and enslaved 800,000,000 people. The Korean war is but the outward manifestation of Communist determina- to achieve world domination. We should, therefore, be prepared for a series of such outbreaks in other parts of the earth where the free and Soviet worlds are in contact. There is no easy way out of these difficulties. Considerable sacrifices will probably be required by all freedom-loving peoples in order for us to win through. Given dependable and far-sighted leadership, the people will meet this challenge. We need men and women of vision in high places. For where there is no vision, the people perish.

The week before last, following the President's message on the Korean war, I said that I feared that the President had asked for too little and that I hoped that he would ask for more before events make it too late. This is an important election year. It is also a year in which our country stands at the crossroads of its destiny. It is unthinkable that at this hazardous hour any responsible national or State leader would attempt to tell our citizens anything but the full truth. To conceal, to minimize, to straddle and temporize at this fateful moment, is to place in horrid jeopardy the whole future of the American people. Our immediate objective is to repulse Communist aggression in Korea, to bring peace and freedom to this little Republic, which we helped to create, which we abandoned, and which we belatedly decided to defend, at great cost in American blood and treasure. On our ability to win in Korea may well depend a peaceful world. Our ultimate objective must be peace in a free world. In order to achieve this we must be in a position to mobilize our military and economic strength. We must guard against two foes: Communist aggression and that insidious enemy—inflation.

I am deeply convinced that the people of our country are ready to exert themselves to the utmost in order to bring our power into line with our commitments. I believe strongly that the people understand the nature of the challenge. Workers, farmers, scientists, industry, businessmen, professional men and women, are all anxious to play their part.

The President has asked for only limited controls. The Governor of Connecticut, who seeks to advise the President on

this grave issue, cautiously suggests a half-hearted scheme of limited and "voluntary controls." The people of Connecticut, the people of the United States, have, in my opinion, been ahead of the Congress in their thinking, and the Congress is ahead of the President and of the Governor of Connecticut. While our young men are meeting this dreadful threat with their life's blood, we should not seek refuge in dilatory tactics. This is no time for timidity; the future is now.

Our survival as a free people should not depend upon shallow expediencies, based upon paid surveys of public opinion in which a few loaded questions are asked of a minute fraction of our citizenry. This is no time to think of political careers. This is the time to submerge personal ambitions. This is a time for selfless rededication to the cause for which so many Americans gave their lives in World Wars I and II, and for which young Americans are now fighting and dying 7,000 miles away.

Let us then face boldly up to this danger, tell the people the truth and repose our confidence in the loyalty and ultimate wisdom of the people. Notable among those who have sounded the clarion call to action is the distinguished elder statesman, Bernard M. Baruch. Several Members of the Senate and House have also urged stand-by legislation which will provide for the mobilization of American resources for the defense of our Nation. In the words of Lincoln, let us prepare for the worst, even while we strive mightily to bring about the best. The time to prepare is now, not in some hoped-for future, when, our plans unshaped, our strength unmarshalled, we are helpless to cope with the gathering storm.

To that end I urge that the following steps be taken at once:

First. The Congress should immediately draft and enact stand-by legislation providing for the control of prices, wages, excess profits, and for rigid controls of all essential commodities in short supply. These laws should also provide for allocations of critical war materials on a system of priorities designed to insure fair and equal distribution to individuals and to industry, together with a steady flow of military equipment and supplies.

Second. Legislation to implement the program should in each case be drafted so as to permit frequent review by the Congress and should contain termination dates. In each delegation of authority, the legislation should become effective upon the passage of a concurrent resolution, in order that the people's representatives should have a reasonable control over the situation.

Third. In order to minimize deficit financing and combat inflation, taxes on incomes and profits must be increased. Insofar as practicable, the cost of this security program should be met currently and not postponed. This is desirable in order that we should not place a heavy burden upon future generations.

Fourth. Of vital importance to our Nation is the question of civilian defense. In accordance with a statement which I made several weeks ago, I again urge the Governor of Connecticut to activate without delay a comprehensive civilian-defense program based upon the lessons learned during World War II, designed to implement the Hopley report and with whatever accommodations are necessary in view of the current situation. The people in the heavily populated industrial centers of our State should receive adequate protection. Safety of life and property must be assured.

Fifth. Communists and subversives should be required to register at once and reasonable restrictions should be placed upon their movements. It is unthinkable that we should be helpless to fight the enemy at home even while we are making sacrifices to combat the enemy abroad. Freedom does not include the freedom to destroy freedom. We cannot in all conscience draft Americans to fight against communism abroad unless we take the necessary steps to combat Communists at home.

Sixth. The Congress should remain in session during this critical period in order to provide the necessary authority and funds, and in order that funds appropriated by the Congress for defense purposes should not be impounded contrary to Congressional intent.

This crisis requires that we have in high places men and women who will inspire public confidence, and who have proven by their actions that they understand the nature of the Communist threat.

The confidence of our people has naturally been severely shaken by the administration's lack of foresight in its foreign policy, the ineffective weapons, and the poorly equipped troops, which were thrown into the Korean battle against staggering odds.

These restless events are far vaster than any individual or group of individuals. They are no respecters of persons. Those who were associated with the gross miscalculations of the past should be replaced by men and women of tested capabilities, who can and will do the job. General MacArthur said recently that in life there is no security; there is only opportunity. We Americans are today faced with a dire threat and with a heavy responsibility. We can take heart from the sure knowledge that our opportunities for useful service and for dynamic leadership are equal to these responsibilities.

Let us then grasp the nettle and plunge on to victory.

(Mr. LODGE asked and was given permission to revise and extend his remarks.)

Mr. GAMBLE. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I got into the Congress because when I was in the Pacific theater and in the Atlantic theater in the course of the war as a staff officer—not as a foxhole soldier or a hero—I hasten to add, but one of many others who served similarly, and saw what the men who were the foxhole heroes endured, I decided that if there was something that could be done about a better and more peaceful world I ought to do it. I do not think there was ever a time in my 4 years of service in this House when I felt that I was more completely carrying out my resolve and desire than this afternoon. Today we are sending men out to fight, and we are sending men out to be wounded or die, we are sending out men also to stand the agony—and anyone in the House who served in the last war will agree with me in that—of long stretches under the fear of dying or being wounded. Now, under those circumstances it is no surprise that I think the American people are way ahead of their leaders in the things they are willing to do to defeat this Communist menace as we see it in Korea. For one thing, Korea has shown to the world and certainly to the people of the United States that the Soviets will resort to thinly disguised naked military aggression to effect their purposes. There was a lot of doubt about that before Korea. Would they try to infiltrate? Would they try to take over labor unions? Would they try to take over political parties? Would they try to foment general strikes? No one can be unclear on the point now. If they deem it necessary to their purposes they will go ahead with naked military aggression very thingly disguised today, tomorrow perhaps undisguised.

Now the American people have to choose, and the two available roads are very clear. First, they may proceed by imposing upon themselves the same restrictions and the same disciplines which they did during World War II in order to enable us to engage in a vast effort of preparation an effort in the magnitude needed to fight both on military fronts where necessary, as in Korea, and on economic fronts where essential in order to win this ideological struggle in which we are engaged. For we must not alone defend freedom, but we must also convince the peoples of the world who are still free that ours is the best system, that it is better than the Communist system and that it can produce infinitely more in goods and services and distribute them fairly. Or second—and this is to be emphasized—they may proceed to undertake a preventive war against the Soviet Union. It must be clear to all that the American people do not want a preventive war, but that they do want to sweat this one out—and win, and that therefore they have chosen the road of military defense and economic offense. This leads us to this one conclusion in respect to this bill; we have got to have not only what this bill provides, but we have got to have more—and that is the important point the American people understand—we have got to give the power to effect rationing and price control. We may have to give the power, too, of wage control, but I hasten to emphasize, we cannot consider wage controls without the corresponding imposition of excess profits taxes.

The American people have got to understand that if we want to do this job without a preventive war against the Soviet Union it has got to be done over a long time, that we are considering flexing our muscles today not for 6 months or a year but that we may have to remain

in this posture, anywhere up to 10 years, yes, maybe for even longer. I think this is the most solemn thing that in this hour, this very critical hour, we have got to make clear to the American people.

I would remind those of my colleagues who feel that this bill is inadequate that the American people are deeply resentful of the fact that cost-of-living prices especially food prices are today at probably the exact peak they attained following the world war, that peak being attained in 1948; and they are still going, and going, and going; apparently there is no way to stop this spiraling cost of living except by intervention of the Government; hence the American people, in my opinion, are fully prepared for the intervention of Government by the imposition of controls. But it would be a sad travesty on our responsibility which we owe to them if we did not make it clear to the people that if they do want these controls and are willing to accept them—and I believe they are—they must be prepared to live under them for a very considerable period of time, in my opinion, probably as long as ten years. And that this is necessary if we are to win this struggle with the Soviet Union without a preventive war which will completely shatter the world, and which I believe the people do not want.

Now, one further thought, and this comes from my experience in my own district. Perhaps other Members will check it with their experience in the districts they represent. The people of America are very troubled about this situation and they look to us to act decisively in respect to it. I believe every incumbent in the Congress will find that what he does between now and the time that Congress recesses or adjourns in respect to this situation will be viewed most importantly in the eyes of his constituents.

The American people consider this as a time of crisis. They want us to take a heavy responsibility and to make, if necessary, onerous decisions. In my own view, they are willing to back us up if we act decisively. But if any show fear, if any do not believe the American people know the extent of the sacrifice that must be made, if they feel any are not ready to have faith and confidence in them in calling upon them for the full share of that sacrifice, then I believe they will repudiate those who show that fear at the polls this coming November, because they will feel that when faced with difficult decisions in an hour of trial those—and I believe they will be few—failed to measure up to it.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SPENCE. I yield 13 minutes to the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS of Arkansas. Mr. Chairman, it is never possible to deal with so complicated a problem in a one-package bill. The temptation is to attempt it, but it would be utterly impossible. For example, no matter how earnestly we might hope to control inflation, and we do earnestly hope to control it, we do not know what the final outcome will be until we reach decisions with reference to taxes, whether or not we are prepared to increase taxes, whether or not we will consider excess-profits tax proposals, or what we will do with reference to the sale of commodities by the Commodity Credit Corporation to release pressure in particular areas. No; it just is not possible for us to prepare all of the answers in this legislation.

I commend the gentlemen on my left who have attempted it, I am sure in good faith. They think that by adding the substitute to this bill that might be done.

The point I would like to make, and I remind my good friend the gentleman from Pennsylvania of this, is that there is a danger that ill-considered price and rationing legislation actually will discourage production. The price mechanism under the American system of free enterprise is often the greatest incentive. To withdraw it entirely might defeat its very purpose. So the thing for us to do, it seems to me from the thought I have given to this matter and listening to the testimony presented to our committee, would be to pass the committee bill in very much its present form.

Mr. Chairman, this bill was not hastily considered. For the time we had it, it was well considered. It was reported by the committee with only one dissenting vote. The committee considered the bill objectively. We deleted, for example, the first proposal to increase the reserves for building and loan associations. We deleted section 412 with reference to the Commodity Credit Corporation's power to sell commodities for less than parity. We made certain changes in section 411. The committee did a good job considering the limited amount of time we had.

The bill does include rather sweeping powers on the part of the Executive. The Congress has just given power to local boards and other agencies to take from American homes hundreds of thousands of men that will be necessary to win this war. I think sometimes that we are unnecessarily timid in an economic problem and fail to realize that the proposals are quite consistent with the sweeping powers we give to military authorities.

What are the three principal things in this bill? Surely no one can say we ought to hesitate about these three things. First, allocations and priorities; second, the requisitioning of plants and commodities and things that are needed and, finally, the V-loan program, involving the lending of money to little businesses and others that might participate in the stepped up military program. Those are the three principal objectives of this bill.

I regret to disagree with my good friend, the able gentleman from Michigan [Mr. WOLCOTT], when he speaks of the real estate provisions of this bill. Not long ago this House decided that there had to be some restraints, a modification of policy as to housing construction, and that is tough for a lot of people. But, we are deciding now that construction materials must go into armaments and into plants needed in the military program. It means sacrifice on the part of many people, but it is necessary because it has been in the construction industry, perhaps, that we had our most powerful inflationary pressure. Related is the whole problem of real estate credit. For that reason it seems to me the provisions of this bill ought to stand pretty much as they are reported.

Another thing, if I might close on a positive note is that the stakes are high. I think that in the consideration of this bill the defeatist attitude is dangerous. The suggestion was made, Mr. Chairman, that this is either a policing action or start of a third World War. That is not necessarily true, it seems to me. It is, perhaps, technically a policing action; we do not want to quibble over words, but it need not lead to war. The best chance to escape a general war is to regard it as a phase of a long-range defense policy that encircles the globe. If our dedication is complete and if we act wisely in this respect, without tension and without panic, I am convinced that we can make the Korean operation an effective means of averting a world war.

Mr. Chairman, the other day the mother of General Deane came home. A reporter asked a question about her son, Did she still hope to see him? This lady, 70 years of age, the mother of one of our great fighting men, one of our leaders, said, "I still have hope that I will see my son, but I must remember that this is a period in which personal sorrow and adversity must be borne without complaint." And she added, "the suffering that comes from living in an unfree world is such that we ought not to hesitate to accept any of the denials and deprivations that go with our military program." Those were the words of the mother of a man reported missing in action. It ought to be the spirit of the whole people, and I think it is.

I agree with the gentleman from Alabama [Mr. RAINS]. I wish we heard his voice more often. I agree with him that the people are ahead of us in their thinking on this point. I think they are. Nevertheless, it is a time for calmness on our part. It is a time—I hope this does not sound like scolding, for that is not in my mind—this is a time to drop the incriminations, the tendency to say, Who is to blame for our difficulty?

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I have heard several Members express the opinion that the people are far ahead of the Members of Congress, most of us, in their recognition of the world situation and its relation to ourselves and to our country. I think I can give testimony to that effect, because I was majority leader of this body in 1940 and 1941, and again I am majority leader in the present world situation. I am very proud of the state of mind of America today? It is entirely different than it was in 1940 and 1941. I can vouch for the fact as well as can other Members who were here in 1940 and 1941, for the changed public opinion. But, I can particularly say that

as majority leader it was my duty to participate actively in the passage of the defense legislation in those days as well as now. I think the American people are to be complimented. I might also say as majority leader that we can point with pride to the membership of this body; I am not necessarily comparing it with the other body but in this crisis and all through the past months the membership of this body has responded.

There is a profound recognition of the world situation. I think the Members of this body recognize that our people are insisting and demanding that we enact legislation that will not only meet any challenge against our Government and our way of life but will affirmatively operate to assure a continuance of our way of life and everything we believe in, not only for ourselves but for the peoples of countries to whom it is now denied. So I think I can testify and be a witness to the fact that the American people today are strongly demanding, they are not only in favor of but they are demanding the passage of legislation that will not only be for the national interest of our country but be the best assurance for future peace. As far as this body is concerned, there is a profound recognition of that public opinion.

Mr. HAYS of Arkansas. I am very grateful to my friend, the gentleman from Massachusetts, for this comment.

Mr. Chairman, I am very happy, of course, that the gentleman from Massachusetts interrupted because he did buttress one point I wished to make. But it seems to me we can leave out of consideration any thought of who is to blame for our troubles. We have all made mistakes. There have been times when I would like to recall two or three of my own votes. I did not have the enlightenment needed when I cast those votes and they would be different if they were recorded today.

This brings to mind an old Sunday school lesson, one that I recall came to me in a little Baptist church down in the foothills of the Arkansas Ozarks. I recall it today as having a certain timeliness.

The Israelites were involved in a war with the Amalekites, and while they were in a campaign they left their women and children in the town of Ziklag. The Amalekites bypassed them and came to Ziklag and destroyed the city. They carried away the women and children and burned the city to the ground. According to this Old Testament story, when the children of Israel returned they found their city in ashes. Then, the story is, they wept, strong men wept. The king, the beloved King David, wept until, the Bible says, he "had no more power to weep." Then it was found that the people were saying, "Who is to blame?" Some said, "King David." They talked of taking his life. Hours went by before it occurred to them that no one of their own number was to blame, that the Amalekites were the ones to blame.

So it is not the Democrats or the Republicans or the Executive Department or the Congress who are to blame, though there are some who would blame the Congress. The blame is upon an evil idea. Partly to blame are those deceived and deluded people of Russia and the satellite nations who are the victims of an idea but primarily the offenders are a power-hungry group who would overrun the free world, the rulers of the Kremlin.

I suggest, Mr. Chairman, that in this legislation and in all the legislation we consider we must remember that our enemy is not over here. We must try a little harder to work in that atmosphere of unity which brings us to recognize that an evil idea must be put down.

I really believe we are on the verge of great victories for a free world. In a sense it is fortunate for us that we have been alerted, for we were in danger of allowing aggression to take place here and there in little isolated spots, adding up finally to the loss of freedom everywhere. But the Korean aggression has aroused the free world. I insist again that our people are prepared to accept the sacrifices, among the first of which are those in this bill. Others will come.

If the Banking Committee does a good job, whatever happens as to the stand-by authority for the President, we must continue our work on control legislation. It is not completed. The people of this country must be given every evidence on our part that we are working in wisdom and unity and in the spirit of sacrifice ourselves to stabilize our economy and make it possible for military plans to go forward.

Mr. GAMBLE. Mr. Chairman, I yield to the gentleman from Michigan [Mr. SHAFER] such time as he may require.

Mr. SHAFER. Mr. Chairman, every day that the Fair Deal politicians in the Pentagon keep Gen. Douglas MacArthur from invoking censorship on radio and news dispatches from Korea means another day of greater danger to America and swifter death for our soldiers fighting there.

Several instances have been publicized already of how lack of censorship is playing into the hands of the left-wingers among our press and radio reporters and of how the North Korean Communists are benefiting by it.

One of these was most unfortunate. Several days ago it was purposely disclosed by the Information Section of the Department of Defense that we would have reinforcements in Korea in 18 days. This announcement was made purposely to confuse the enemy for it had been planned to have reinforcements in Korea in half that time and to have them in line fighting before North Korean Communists would know about it.

No sooner had the troops landed—the Second Division—on Sunday, July 30, than did Bill Costello, a CBS reporter, disclose the fact to the American people and, of course, to every Russian spy or radio monitor on earth, thus making it possible for the North Koreans to be prepared to receive the Second Division.

Not only this, but Costello and other radio commentators and news reporters pointed out that the troops were from Okinawa, thus disclosing to the North Koreans and to their wily Kremlin masters one of the strong points of war preparation in the Pacific area.

Such tragedies as this are commonplace in any war where strict censorship relating to military matters is not imposed. It is essential that the Fair Deal politicians in the Pentagon must forget their politics in these critical times and do those things that must be done if we are to win the Korean war and save the lives of our soldiers who are fighting there.

Censorship is one of the most important phases of fighting a war. MacArthur should be given the authority to establish censorship in his discretion without delay. This Congress should insist upon orders to that effect.

In my opinion, broadcasts such as those made by Bill Costello Sunday night regarding the arrival time of the Second Division in Korea could be classed as giving aid and comfort to the enemy.

Mr. GAMBLE. Mr. Chairman, I yield to the gentleman from Pennsylvania [Mr. KUNKEL] 25 minutes.

Mr. KUNKEL. Mr. Chairman, having served on the Committee on Banking and Currency all during the last World War, there were certain things which were impressed on me very strongly. A main one was that if you had any kind of freezing of prices and wages, it had to be done at a time when the prices and wages had been determined by ordinary, natural, economic causes and free-collective bargaining. I feel if we postpone action on prices and wages and services and on rationing, which is a necessary part of allocation—in fact the power to ration is included in the power to allocate—I feel if we let this time slip by, we will then be faced with the situation where the only remedy will be selective-price controls and selective-wage controls, if there are any wage controls. It will be then too late to balance and stabilize our economy.

In the back of everybody's minds must be the question: How serious is the world outlook and how serious will it become? Let us look at what we will surely be called upon to do now in the light of how much it may affect the economic conditions here at home and the future economy of the United States. I think we should first study and decide what is the best that can be hoped for judged in the light of the facts now at our command.

Even if the Korean operation is localized in Korea, it will require the establishment, which has already started, of a 5,000-mile line of supplies to Korea. Assuming—that we will hold the beachhead at Korea—it will require the landing of enough troops, military equipment, and supplies of various kinds to recapture South Korea by driving the North Koreans back to the thirty-eighth parallel.

At that time it will be necessary to make a decision on what further should be done, that is, seek to establish a unified Korean nation. It is necessary to replace the equipment taken out of Japan. It is necessary to send new and additional equipment in much larger volume than in the past to Japan to be there

to protect that island in the future. It is necessary to activate certain units of our Navy to take part in the protection of Formosa and other islands in the Pacific. It is necessary to activate large parts of our merchant marine to transport these ever-increasing supplies. We must also establish sufficient forces here in the United States to meet any additional threat which might break out in any other point in the world such as Yugoslavia, Greece, Berlin, or any of a number of other places.

In my judgment all that is a large order. It is going to place a strain on our economy which will reach far into the future. Therefore, we should take steps to meet this coming strain at a time when we can set up a stabilized economy as far as a stable natural economy can be set up under price control.

My good friend from Arkansas [Mr. HAYS] and others have mentioned that the price mechanism is a delicate thing, that it might disturb distribution and production to have controls. Price controls are always a poor substitute for the delicate natural operation of the price mechanism. That is true. But under the powers contained in my bill and in the administration bill and in other statutes already on the books, there are sufficient powers to assure production. When you come to the adjustment of distribution, when you come to channeling goods from one place to another, from the time when the raw product is marketed until they are manufactured and until finally they are sold on the shelf, in order to have those adjustments somewhere near accurate and effective to start, they must be made at a time when prices all along the line have been determined by natural causes. Then the natural flow already created will continue to guide goods to the right spot. That is one reason why I feel it is essential to enact price and wage controls at this time.

I have talked a great deal to various Members of the House. My considered judgment still supports the plan to freeze prices and wages by congressional action. But the sentiment seems to be preponderant that this should be done by giving the President stand-by authority to institute these programs. So, when my bill is submitted, I am going to change the policy declaration at the end of the first paragraph to read as follows:

It is further declared that it is necessary for the national defense and security, and to accomplish the objectives of this act that if the price and supply controls are invoked by the President, the wage controls authorized hereunder shall simultaneously be put into effect. It is further declared to be the policy of this act that all of the controls provided hereunder for the control of costs, including prices, wages, rationing, allocations and limitations, shall, insofar as practicable, be put into effect at the same time so that, for a period at least, there will be a general ceiling over the economy and a period of general stabilization during which it will be possible to determine with reasonable accuracy in what ares the continuation of controls is necessary and in what areas controls may safely be released.

My bill can be made a stand-by bill by changing section 4 (a), eliminating the words "There is hereby created" and substituting in their place the words "The President is hereby authorized to create."

There will be a further change in the termination date. While the date remains the same—March 31, 1951—the act can also be terminated any time either by concurrent resolution or by Presidential proclamation. The language is exactly the same as that used in the Spence bill, only the date differs. There are some other changes designed to bring the other powers into line with war and defense needs in conformity with the language of section 18 of the Selective Service Act.

In this bill I have tried to combine wage, price, and services controls, and in addition, to provide as much of the power sought in the administration bill as could be done safely without giving powers that go beyond the present war needs or the authority in these fields conferred upon the President during World War II.

I have cut out the power to control commodity exchanges. Our experience in the last war demonstrated that they were willing to cooperate. In fact very shortly before the close of the war the Secretary of Agriculture said he did not want to have any controls over the commodity exchanges—that such controls were unnecessary.

I have put in the same exemptions that were contained in the old OPA Act; that is, for newspapers and professional services; for public utilities, which are determined by State regulatory rate-making bodies; and for insurance rates, which is also determined by State regulatory bodies.

I have cut down the vast power over credit contained in the Spence bill to consumer credit strictly, eliminating real-estate credit, and also eliminating that broad general grant of credit which would probably permit the President to control even personal loans between two individuals, as the gentleman from Michigan [Mr. WOLCOTT] pointed out today. As a matter of fact, the gentleman from Arkansas [Mr. HAYS] referred to the fact that you should have this real-estate credit, because you might want to use it to channel goods and materials away from building and into some kind of war production. There is absolutely no need of that because my bill gives the full power to allocate and to establish priorities. Hence if these goods and materials are needed the President can channel them under that specific power to allocate. I am sure my bill includes the three propositions that the gentleman from Arkansas just said were absolutely essential plus these two which I think are essential to put into effect now because if we do not do this now, then the time when a natural point of stabilization can be arrived at will have passed.

In my bill as introduced in the committee I had the date line as approximately the present, between July 24 and 28. I have changed that to June 10 and 25; that is the last 15 days in which we had a strictly normal economy. I talked to Mr. Baruch about that specific point and he said that most of the mark-ups which had occurred in the intervening time—and this was confirmed by others with whom I discussed it—had been mark-ups in inventories, so that there would not be much of a squeeze in attempting to make a roll-back to that period assuming this was done soon enough. Of course, every day that goes by without freezing prices, wages, and services adds to the danger. I think the two insertions I have made in the declaration of policy put it clearly up to the President to act quickly with the intention clearly stated that Congress feels that this ought to be done at once. The other declaration reflects the judgment and thinking of most of the Members with whom I have talked on this specific subject. I feel and they feel that you ought to tie wages, prices, and services all up in one package and freeze them all at one time. This is relatively less objectionable now than it normally would be, because most of the major large wage contracts do not expire until after the expiration date of my bill.

The bill is not perfect. I have been trying to perfect it day after day. I am sure that it will go a lot further toward accomplishing the purpose of preserving and protecting the consumer from undue price rises and at the same time preventing the socialization of America than will the administration bill.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. KEATING. Would it be a fair characterization of the gentleman's bill to say that it includes most of the powers given to the President in World War II but excludes those in the administration bill brought here now which were not given to the President in World War II?

Mr. KUNKEL. That is correct.

There is one thing I should call attention to—the elimination of the power to requisition facilities. The power to requisition commodities, and so forth, is kept intact. Under section 18 of the Selective Service Act the President, under present law, has the power to requisition facilities for war purposes and defense purposes; he has that power already under existing law, except that instead of having the particular power to do it under any circumstances at his own discretion, it is limited to where he does it for strictly war purposes and needs.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. CRAWFORD. Does H. R. 9283 make price control applicable only at the wholesale level?

Mr. KUNKEL. No, it covers retail and whole prices and also services and wages. Under the method prescribed in section 206 the administrator can unloose ceilings at the retail level. That section gives the administrative authority to issue the orders, rules, regulations and adjustments needed.

Mr. CRAWFORD. Under section 206.

Mr. KUNKEL. Yes.

Mr. CRAWFORD. In the control on ceilings applicable to services, if wages are controlled, wholesale prices are con-

trolled, retail prices are controlled, why do you not control the charges made by professional people, for instance, doctors, dentists, lawyers? Why should they be exempt?

Mr. KUNKEL. If the gentleman wishes to offer an amendment to do that he may. As a matter of fact, I was trying to make this conform as closely as possible to previous OPA legislation. As a matter of fact, the exemptions in this bill are slightly less. Certain ones were left out.

Mr. CRAWFORD. What I am trying to get at is the equity of the case. Upon what ground under a condition of this kind should a lawyer or a doctor or dentist or any prrofressional person have his chance to go ahead and advance his fees against the consuming public when everybody else is making their contribution by subscribing to the control? What is the argument in favor of it?

Mr. KUNKEL. The argument advanced is that there is no set fee for services rendered by doctors, lawyers, etc. Therefore it is administratively impossible to regulate their fees. As I say, I hold no brief for that one way or the other. This was taken from the previous OPA Act. I think the exemption of public utilities and insurance is sound on the ground there is State regulation already.

Mr. CRAWFORD. I would not argue against that. May I ask the gentleman this question: In the absence of a control on wages, how can production be maintained under price control when wages are moving upward?

Mr. KUNKEL. The only way they can be maintained is by a constant increase in the price by the administrator.

Mr. CRAWFORD. So that you do not then have price control?

Mr. KUNKEL. You do not have price control, no.

Mr. CRAWFORD. We went through all that in World War II in the previous OPA hectic days, because a new production would come into the picture, such as the production of new types of clothing and new types of ready-to-wear, whether house dresses, baby shoes or whatnot; a new processor comes into the picture and he can charge higher prices because he never sold any production at the previous price. So when he came into the picture he would push his prices up and the consumer would have to pay. That is the experience we had, is it not?

Mr. KUNKEL. Yes.

Mr. CRAWFORD. And as wages increased, the old processor could not push his prices up because he had a historic background of a certain price level; therefore it was a mechanism that promoted new prices in that field and washed out the old prices. Did it not happen exactly that way?

Mr. KUNKEL. To a considerable degree, yes. There were other phases of it where it was difficult for new processors to get into the field because they could not get allocations under the historic-use features of allocations. So the new man was shut out there.

Mr. CRAWFORD. Well, let us take this example: Old processor A is pushed out of business completely. His plant becomes for sale or for lease. A new processor comes into the picture. He makes a differently designed article, and he sells it at a higher price, at $15 a dozen instead of $12 a dozen, whether overalls, cotton socks, or what not. Those were the experiences we had all over the country. Take the case of the house dress manufacturer, the lady at Kansas City, who had worked up there to 3,500 employees. She was selling dresses at from $2.98 to $4.98. She could not sell those for $3.25 or for $5.50. But the new fellow could come into the picture and sell them for $9.98. Now, who was protected? It was the one who slipped in under the wire.

Mr. KUNKEL. I do not think you can handle that problem entirely by wage control.

Mr. CRAWFORD. The point I am making is that the increase in wages becomes a factor because it increases the price of the material as well as the wages that go into the product.

Mr. LUCAS. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield to the gentleman from Texas.

Mr. LUCAS. I should like to inquire of the gentleman if he has incorporated in his bill all of the suggestions that were made by Mr. Baruch?

Mr. KUNKEL. Yes. I talked to him over the telephone and I also received a letter from him. He suggested a change in the date of the base period, moving it forward to June 10 to 25. I did that. He suggested making it the highest price instead of the lowest price during the base period. Inasmuch as I decided to put the basing period back I thought that was an excellent change also. He also suggested cutting out the exemption for people employing less than eight people. I accepted that. These were really all of the substantial suggestions he made.

As I understand Mr. Baruch's point in respect to stand-by controls, he is still of the opinion, and so am I, that it would be better to do it all at one time. On the other hand, he believes it is much better to have this type of bill on the books even in stand-by form than to let the general principles involved fail because of the rather widespread objection to this one feature.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. Would the gentleman inform the House as to the deletion of rent control from the bill? Does he consider our present rent control bill adequate to do the job, or will we require another?

Mr. KUNKEL. I think it will require some amendments to the rent control law. The one I have in mind as being necessary in order to conform both with the new situation with the policies embodied in the present rent control bill would be to give the Rent Control Administrator power to put controls into effect at the base period level in all areas where there has been an influx of people and a shortage of houses created since June 25, 1950. In other words, he would be given power to control when and where shortages arose since then, but yet keep substantially to the same policy expressed in the rent control bill which the House passed.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. GAMBLE. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. MONRONEY. It is not the gentleman's idea then to leave rent control out of the over-all control?

Mr. KUNKEL. No.

Mr. MONRONEY. Because it would be impossible, I am sure, to do what the gentleman has in mind if you leave that big percentage of the consumer cost of living out from under.

Mr. KUNKEL. Definitely that has to come in. As the gentleman from Michigan [Mr. CRAWFORD] has pointed out, in an over-all program of this nature an excess profits tax should be included. The longer that is postponed the greater the inequities resulting will be because you cannot have retroactive taxation. So, that, in my judgment, should be done very quickly also. It should be part of this new tax increase bill.

Mr. MONRONEY. In regard to the questioning by the gentleman from Michigan [Mr. CRAWFORD] I understood you to reply that your bill did not include real estate credit restrictions when, as I read your bill, it carries practically the same real estate credit restrictions which the ranking Republican Member of the Committee on Banking and Currency has objected to so strenuously.

Mr. KUNKEL. Which bill does the gentleman have?

Mr. MONRONEY. H. R. 9283.

Mr. KUNKEL. That is the credit control cutback?

Mr. MONRONEY. As I read the bill, it refers to consumer credits.

Mr. KUNKEL. Yes.

Mr. MONRONEY. But in the definition of consumer credit it means any credit extended to a business enterprise for the financing or purchasing of goods for resale.

Mr. KUNKEL. I think the gentleman left a "not" out in reading that.

Mr. MONRONEY. Yes, I thank the gentleman. In other words this does strip out then any control of credit whatsoever excepting the consumer credit of the regulation W type.

Mr. KUNKEL. If it comes down to a question whether controls are necessary, that is referred to in another section of the bill.

Mr. MONRONEY. I think the gentleman has overlooked a great point of inflation, sales of real estate, which takes rental housing off the market, because previously there was no credit control on the resale of housing, and therefore you lost your housing supply because anyone could sell his house at two or three times its original price. The gentleman does not think that any real controls are necessary at this time?

Mr. KUNKEL. I think we can get along under the existing ones.

Mr. MONRONEY. I am unable to understand, with the testimony that we have that 60 percent of the real estate

financing is completely outside of the Federal program, in an effort to control inflation in that field which is highly speculative and which responds first to inflationary tactics, why the entire matter of real estate credit should be held so sacred and be deleted from the bill. I was intending to compliment the gentleman for including it until he called my attention to the fact that I have overlooked a "not" in that section of the bill.

Mr. KUNKEL. I do not think that it should be included. Certainly, if it were, we would have to work it out very carefully so as not to interfere with the VA, and FHA, and limit it along those lines.

Mr. MONRONEY. VA and FHA are already under some type of control. But you are leaving 60 percent of the financing out, which happens to be the part that the National Real Estate Board objects to, at the very time when we are calling out reserve divisions of Marines and the Forty-fifth Division of the National Guard of Oklahoma, which was called into active service this afternoon; yet some way, somehow, the credit on real estate becomes so sacred that it is the thing that is stripped from the bill. I would like a clearer explanation of that.

Mr. KUNKEL. The bill is restricted to consumer credit.

Mr. MONRONEY. Does not the gentleman realize in going so far as to take in wage controls and every other type of control that he exempts this vast amount of inflationary credit simply because someone seems to object to it? If the gentleman is designing his bill to restrict the inflation and the expansion of credit on an unwise basis, we should ignore that. Can the gentleman tell us if this is a part of Mr. Baruch's recommendations?

Mr. KUNKEL. No. All of this part was taken from the Spence bill with limitations placed upon those provisions. It is not included in the recommendations of Mr. Baruch.

Mr. MONRONEY. It seems to me on reading this bill we have stripped out everything that has to do with real estate, including rent controls and including credit controls on the sale of real estate. I am tremendously worried about the situation. If we are going to call this an over-all price and wage-control bill, and yet we find that we have set out one segment of the economy to operate exactly as it pleases——

Mr. KUNKEL. I think the gentleman will agree we have to deal with rent control separately.

Mr. MONRONEY. I just wonder if perhaps that is more important than dealing with the wage thing and dealing with the farm thing, and also dealing with the over-all control of prices. I am in complete sympathy with the gentleman's attitude toward the urgency of this situation. However, the thing that worries me, having gone through this with the gentleman over a period of a great many years, is the fear that in order to get something done immediately that the country seems to wish we will enact a bill that has not been properly considered line by line and page by page, and we will have a bill that, because of language that might not be clear, will not work. I have listened to this debate carefully, but I am inclined at the moment to feel that we should by all means go forward on the credit control proposition, which has been heard, and have the Banking and Currency Committee stay on the job either a week or two weeks to decide exactly what should be done on this matter of over-all controls and rationing.

I see no difference at the moment between the gentleman's bill, with the exception of the deletions from the second portion of his bill, and the bill the committee has studied and reported. I just wonder if it would not be best to have more hearings. The committee has not yet heard Mr. Baruch.

Mr. KUNKEL. We certainly tried hard to get more hearings.

Mr. MONRONEY. Does not the gentleman think, however, that in an effort to stop the first outbreak of fire we had better get there with a few buckets of water and then decide whether it is a three-alarm fire instead of a one-alarm fire?

Mr. KUNKEL. We are trying to get there with five or six buckets under my bill instead of the three buckets provided under this administration bill.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield to the gentleman from New York.

Mr. JAVITS. Does the gentleman feel that his substitute needs any additional provision for management of this whole mobilization effort? All that is provided in the committee bill, and I ask the gentleman if the same is carried over into his bill, is that the President can redistribute whatever powers he feels the various departments ought to have.

In short, does the gentleman believe we should set up now a mobilization production board to parallel the War Production Board of World War II?

Mr. KUNKEL. The Office of Inflation Control specifically is mentioned, to be set up in the executive office of the President. The President can delegate, or the administrator can delegate, powers and duties.

Mr. JAVITS. In other words, you will have the President free to set up a specialized agency under your substitute?

Mr. KUNKEL. Yes; and I should think it would be necessary in view of the experience of price control in the last war. We must realize that there are certain elements which only the administrator of price control, or inflation control, or whatever you call it, can take care of. It is a large and tough assignment.

Mr. JAVITS. So the gentleman does contemplate a special agency for that purpose?

Mr. KUNKEL. I definitely contemplate a specialized agency for that purpose, particularly as my bill includes the power to ration at the retail level.

Mr. JAVITS. So that we are talking about another OPA?

Mr. KUNKEL. Yes.

Mr. JAVITS. Thank you.

Mr. HUGH D. SCOTT, JR. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. HUGH D. SCOTT, JR. As I understand the administration bill, there is no provision for price control or rationing or wage control, but the gentleman's bill contains these provisions?

Mr. KUNKEL. That is correct.

Mr. HUGH D. SCOTT, JR. May I ask the gentleman what, in his opinion, will happen to the cost of living if the administration bill passes without the inclusion of the Baruch plan or the gentleman's bill, or some such similar provision to freeze the inflationary forces which are already at work in this country? What happens if we just pass the administration bill?

Mr. KUNKEL. As time goes on, you will have the price structure get more and more out of kilter and more and more dislocated—that is, assuming you accept my premise that we are in a world situation which is going to require a heavy burden on this country even if it turns out most favorably. Of course, if the dangers and difficulties grow, the burdens will increase correspondingly. So that, as time goes on, you will have the price structure getting more and more out of kilter as the days and weeks pass. For that reason I think legislation should be passed at once.

Mr. HUGH D. SCOTT, JR. Does the gentleman think that the Truman bill, which we have before us, would really stop the hoarding of sugar and the buying of automobile tires and the rush for whatever happens to be left in the shops without the imposition of these controls?

Mr KUNKEL. No. Until we have some kind of rationing and controls we are going to have this rush. Fortunately the best advice I can get is that most commodities are in good supply, particularly food commodities, as the gentleman from Georgia pointed out earlier in the afternoon; and I believe our supplies will stand up in most cases, that this buying is scare buying. While it is the natural judgment of people on world conditions, it is not indicative of a real scarcity of supplies in the present or near future.

But unless you make plans to set up a plan of action at some time in the immediate future, there will come a point—I do not know when—when it will get completely out of hand.

Mr. HUGH D. SCOTT, JR. My point is that the administration bill does not go far enough for that purpose.

Mr. KUNKEL. The Administration bill does not even contemplate any action along that line at all. Why, for example, there is a proviso in it which prevents any use of rationing at the retail level. That is specifically prohibited in the administration bill. Yet it is a key power, if there is to be any real control of the demand side of the supply-demand equation.

Mr. HUGH D. SCOTT, JR. In other words, the administration was too little and too late on the war front, and now they are being too little and too late on the home front?

Mr. KUNKEL. That is what we are trying to prevent them from being. I do not want to get into a political argument on this. Someone on the other side said there is no use trying to assess blame

for what has happened to date. I am convinced from the condition now existing that we had better take action if we want to curb inflation and get out of the tight spot in which we find ourselves.

Mr. DOLLINGER. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield to the gentleman from New York.

Mr. DOLLINGER. Does the gentleman admit that rent control and excess profits taxes are necessary to curb inflation?

Mr. KUNKEL. I stated it emphatically. It was not a case of merely admitting.

Mr. DOLLINGER. Would the gentleman say it is necessary that that be done at this time?

Mr. KUNKEL. I think the sooner you put on excess profits taxes the better. They should be put on coincidentally with the present bill. They should be included in the coming tax bill.

Mr. DOLLINGER. The gentleman realizes that rent controls will expire on the thirty-first of this year—on December 31—and that we should do something, either by the gentleman's bill or any other bill to make certain that rent control is enacted?

Mr. KUNKEL. I think you should take that up separately, as I have said. Of course there is not the immediate rush for that because you do have rent control now in effect and will have rent control in effect until December 31. To have placed a rent-control extension title in this bill would have complicated the picture and gained nothing, because rent control is still in effect.

Mr. DOLLINGER. Why could it not be put into one bill? It will help to curb the inflationary practice.

Mr. KUNKEL. If you have a rent-control bill along the lines of all the other rent-control bills that were passed, you will have to give the Administrator power to recontrol where it is necessary, and I think you will have a great deal of trouble with a rent-control bill that did not take into account the policy embodied in the rent-control bill previously passed by the House. I think you would have a relatively simple time if you amended that bill along the lines I have suggested.

Mr. HAYS of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. HAYS of Arkansas. I would be glad if the gentleman would give some further thought to adopting the committee bill and then pose that simple issue before the House as to whether or not discretionary power should be granted to the President. For example, the gentleman has deleted this power to requisition plants on the theory that authority is already there under the Selective Service Act.

Mr. KUNKEL. And my bill also includes section 3 of the old RFC Act. That is included in my bill.

Mr. HAYS of Arkansas. But would you have that difficulty regarding compensation? The gentleman remembers that in the committee we provided that 75 percent of the Government's appraised price should be immediately paid to the owner. I am not sure that your provisions for compensation and appraisal under the other statute would be as liberal as under our bill. I am simply suggesting that the gentleman might give some thought to it, because I think there is every reason for thinking constructively on this thing and getting it in as acceptable shape as we can. Does the gentleman remember what provisions there are in the RFC statute and the selective service statute for compensation?

Mr. KUNKEL. No; I do not, but I think the gentleman from New York [Mr. COLE] could answer that question.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. KUNKEL] has again expired.

Mr. GAMBLE. Mr. Chairman, I yield the gentleman one additional minute.

Mr. KUNKEL. I yield to the gentleman from New York [Mr. COLE].

Mr. COLE of New York. With respect to the authority vested in the President to take over plants under the Selective Service Act, it is my recollection that he is authorized to pay to the plant owner whatever price the President determines to be adequate and fair. If the plant owner is not satisfied, later on he can sue for the difference, but the determination is with the President as to the amount that is to be paid.

Mr. KUNKEL. Then, if there is a dispute, the plant owner gets the full amount of what the President decided he should have. Of course, that is more liberal than the provision in the present administration bill.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. ADDONIZIO].

(Mr. ADDONIZIO asked and was given permission to revise and extend his remarks.)

Mr. ADDONIZIO. Mr. Chairman, this is indeed a sad day for me. Little did I think when I was fighting the bloody battles of World War II in Africa and Europe that so soon, 5 years later, I would be called upon to vote money to carry on another war. Neither did I suspect that I might be registering a vote in favor of taking some of the liberties of our democracy away from businessmen and consumers. But that is just what I am going to do and I will do it proudly. I want to tell you why.

Through the courageous action of our President and Commander in Chief, we have taken positive and direct action to eliminate a communistic sweep throughout the world. The action in North Korea may be the start of World War III. Certainly it will be unless we promptly bring the full force of our tremendous might to stamp out the blaze which is now raging there.

Unfortunately, perhaps, we are a peace-loving nation. We have tried to demonstrate this fact by the way in which we have reduced our Military Establishment to a purely defensive level. But our desire for peace has only whetted the appetite of Russia for faster conquests and emboldened her to order the use of military force.

If this move is put down vigorously and decisively we can perhaps discourage the use of force in other areas of the world. If it is not, I fear to contemplate the kind of future we must face.

I, like almost every one of my colleagues on the floor of this House, am eager for the opportunity to vote for each and every measure which will strengthen the security of the United States and increase the insecurity of our enemies. I want to give the administration all the authority it needs to bring the Korean trouble to a prompt and decisive end. If H. R. 9176 does not accomplish that, I shall support any reasonable amendment to achieve that end. I wish to emphasize, however, the legislation we are considering was not dreamed up on the spur of the moment. Three weeks elapsed during which the President and his advisers worked day and night reviewing existing problems, the prospects, and what was needed to deal with them. They tried to figure out ways in which to handle the Korean situation using the normal processes of the free-enterprise system. They hoped and prayed they could avoid the use of Government controls. But they found they could not.

They found that more manpower was needed. They decided they had to draft men and call up reserves.

They found that more munitions were needed—planes, guns, tanks, electronic equipment—all kinds of offensive and defensive weapons. They decided they had to make a limited draft of the products of industry—plant, equipment, and materials.

Recently with almost no hesitation, we lifted the limit on the size of the Armed Forces and extended the period of service on men now in uniform by 1 year. Earlier upon the request of the Commander in Chief, we promptly authorized the draft of men into uniform.

Personally, I would much prefer to draft a sheet of steel, an aluminum ingot, a bar of copper, a machine tool, or any other inanimate object to fight the war than I would to draft a man. And I do not see how any Member of this House who voted to draft men could fail to vote to draft materials.

The President's request for authority to control credit and his requests for tax increases are intended in part to influence consumer spending and decrease demand. Credit controls and tax increases will help to relieve pressures on critical resources and thus aid military procurement. Nevertheless they alone are inadequate to deal with a problem as big as the one before us.

At a time like this the need of the military for things to fight with—things to protect the very lives of the boys we are drafting—must come ahead of the need for the latest model automobile, refrigerator, electric stove, and the other things which make American life so enjoyable. But these things are not the essence of the American dream. We do not hesitate to stint ourselves in the effort to protect the precious intangibles that make life worth living for free men.

And so we have no alternative but to give the President the authority to say whether for example, steel is to be used

to make mechanized weapons or mechanical toys. To do this he needs priority authority.

At the same time we give him authority to curtail consumer demands we must give him authority to cut industrial demand. We must give him the power to limit the demand for highly critical raw materials by limiting the quantities of given types of nonessential civilian end products which are produced. To do this he needs allocation authority.

Partly to back up his authority and partly to cut legal red tape involving legal impediments to sale, differences of opinion about values, and foreign ownership, we must give him authority to requisition materials, products, and property needed to support our men in uniform.

Finally we must give him authority and tools with which supplies of things needed for fighting can be increased. These include both materials and facilities. Our small business concerns are in a position to be of tremendous help in this connection. But often they need financial help to finance larger inventories, to expand plants, and to convert to war production. Financial assistance in various forms is therefore needed.

As I study the program proposed by the President, I find it to be a moderate, well considered, balanced plan for dealing with the situation which now confronts us. I am confident that it is adequate to the task at hand. Whether we should grant the President standby authority of a more sweeping nature seems to me to be definitely a secondary issue. If the emergency should become more acute, or if the economic dislocations are even more severe, then I know that the Congress would not hesitate to act quickly and decisively. Thus I have no objection to voting standby powers, but I do not feel that is the critical issue. What is urgent is that we give the President power he has requested so that he can meet the problems before us. I therefore register my vote in favor of this legislation.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, it seems to me there has been a lot of fencing here today, and a lot of talk, and very little difference in opinion as to what should actually be done.

As our distinguished chairman very aptly said to the Rules Committee yesterday, everybody apparently is in agreement with the principle of this bill, but each one objects to its application to himself. That is the theme of the debate, as I see it, as it emanates from the minority side of the House.

You were told a moment ago that the gentleman from Pennsylvania [Mr. KUNKEL] is going to amend his proposed substitute so that there will be stand-by controls instead of mandatory immediate controls of wages and prices.

Now, let us take the two bills for a moment and get down to cases.

H. R. 9176, as reported by our committee, with a vote of 20 to 1, has several subtitles; one is priorities and allocations.

The proposed substitute that is going be offered to you from the Republican side at page 37 has the title "Priorities and Allocations." H. R. 9176 has as title 2, "Authority to Requisition." The same title appears on page 37 of the proposed Republican substitute except that they add the word "rationing."

Title 3 in H. R. 9176 is "Expansion of Productive Capacity and Supply." The same title appears at page 24 of the proposed substitute. Title 4 of H. R. 9176 is "Control of Credit and Commodity Speculation." Page 33 of the proposed substitute carries the title "Control of Credit." Title 5 of H. R. 9176 is "General Provisions," and the same title appears on page 40 of H. R. 9283, which we were told will be the Republican substitute.

Who is being kidded here? I do not think we are on our side of the aisle; I do not think the American public is going to be kidded very much by the similarity of titles.

What do they actually propose to do in this substitute? The commodity exchange representatives came down here and told those of us that commodity exchanges should be excluded from control. Do not touch speculation, they say. Is there anyone in this House or anywhere else who will not admit that the first element of inflation is speculation? Why should not that be the first thing to control?

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. MULTER. Gladly.

Mr. PACE. I am just seeking information. If there is a ceiling price on a commodity, would speculation affect the price beyond that point?

Mr. MULTER. If there is a ceiling price then, of course, there should not be any speculation. At the same time I can easily conceive of a condition where there might be speculation despite the ceiling price. We know from past experience that when you fix a ceiling price everything goes up to the ceiling although theoretically things could sell at less. They seldom do, however.

We are told that in the proposed substitute that will be offered they are going to eliminate this commodity speculation provision which was put into H. R. 9176. Remember that H. R. 9176, while prohibiting commodity speculation, in so many words does permit legitimate hedging. But still they take out the language of H. R. 9176 and actually put into the proposed substitute even stronger language. If you will look at section 207 of the proposed substitute, and I am referring to H. R. 9283 which was introduced only yesterday, you will find this language:

> Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit, with respect to any article, speculative or manipulative practices, selling, marketing, or inventory practices.

So the language of the proposed substitute goes even further than the language of H. R. 9176. It goes so far, if you please, that it actually vitiates the powers presently vested by existing law in the Federal Reserve Board, in the Securities Exchange Commission, in the Home and House Finance Agency and even those powers established the Commodity Exchange Act itself.

What else do they do here? They tell you they are going to control consumer credit. Under this proposed substitute they eliminate real-estate credit because the real-estate interests told us "Do not control us, let us alone, control everybody else." It has already been forcefully pointed out that you must control real-estate credit if you are going to have effective controls. They tell us the substitute will control consumer credit, but only such consumer credit where the agreement calls for two or more installment payments. They are not going to control charge accounts. All you need to do if you want to evade such controls of consumer credit, as set up in the proposed substitute, is to go into any store and say: "I want to open a charge account. I agree to pay my charge account every 30 days, but actually I cannot do that. I will pay it in two or more installments." Therefore your consumer credit provision as written in the proposed substitute is a farce and accomplishes nothing. You will have to go back to the language of 9176 if you do want to control credit, particularly consumer credit.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. Has the Government ever before put in any control of real-estate credit? In the entire history of the country has it ever been done before?

Mr. MULTER. My answer to the gentleman is, it matters not whether it has been done before. We have never before been faced with the crisis that we are facing today. The question is, What shall we do now to save the economy of the country and to save the freedom of the world?

Mr. NICHOLSON. We are not in an all-out war. We are in a proposition of defending Korea; that is all.

Mr. MULTER. Oh, no. We are not merely defending Korea. We are now defending the liberties and the freedoms of the peace-loving people of the world. We have to set up laws and procedures now by which we can save this country from the onslaught of the subversive and destructive forces that we know will be leveled at us in the days ahead.

Mr. NICHOLSON. So in doing that we sacrifice all of the liberties that we have in this country, so far as real estate is concerned or the right to enter into a contract with somebody to buy a house is concerned.

Mr. MULTER. We are sacrificing no liberties when we take these steps to preserve our liberties. The credits and the real estate you talk about are no less precious than the lives our boys are called upon to sacrifice.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from New York.

Mr. KEATING. Does the gentleman contend that we are in a greater and

more serious emergency than we were in World War II?

Mr. MULTER. No. I am saying that we are now preparing against such an emergency, we are now taking the steps that must be taken so that we do not get caught short in the days ahead. We are doing now, what must be done in order to save our economy from the forces that will be exerted against us in days ahead.

Mr. KEATING. Does the gentleman not feel that the controls we had during World War II should be sufficient for the present emergency?

Mr. MULTER. We are not enacting those controls now.

Mr. KEATING. The gentleman, I take it, favors the enactment of all controls which were enacted to control our economy during World War II?

Mr. MULTER. With the right given to the President to use them when he thinks the time calls for it.

Mr. KEATING. Does the gentleman contend at the other end of the pole that greater and more extensive controls should be granted now than were granted at the time of World War II?

Mr. MULTER. I do not concede that we are granting any greater controls now than we did then.

Mr. KEATING. The gentleman means in the bill offered by the committee? The gentleman's contention is it does not go further than the extension of controls during World War II?

Mr. MULTER. That is my contention; yes.

Mr. KEATING. With regard, for instance, to the control of credit, there never was a general control of all credit in World War II, was there?

Mr. MULTER. You mean that we did not control all credit but we had the right to control all credit. All we found necessary was to have regulation W during most of those days; nevertheless, the right existed to go way beyond that, if necessary.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. BUCHANAN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. MULTER. Mr. Chairman, who else wants to be excluded from the terms of this bill? Big business wants exclusion and the proposed substitute for the committee bill will exclude big business.

Under the title of requisition and allocation, the proposed substitute will limit those powers to "articles and commodities." The committee bill provides "plants and facilities" as well as "articles and commodities" may be allocated and may be requisitioned when necessary.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from New York.

Mr. KEATING. Does the gentleman contend, then, that the provisions in the Selective Service Act, which we have already adopted, are not sufficient to take care of the requisitioning of facilities and plants?

Mr. MULTER. I so contend, because the provisions there apply only for the national defense, and if you cannot find that the national defense requires requisitioning under that Act the President may not requisition.

Let me call your attention to this, too. In H. R. 9176, the declaration of policy refers to the fact that this bill will enable us to protect the national security of the country and also enable us to carry out our commitments to the United Nations and other foreign commitments such as those under the Atlantic Pact. One member earlier in the day got up and said he did not like that; he was going to move to strike it out and he was going to substitute for it the declaration of policy as contained in the proposed substitute H. R. 9283. When we look at page 3 thereof, we find the declaration of policy says:

> To enable the Government to provide for the national defense and to carry out our foreign commitments made in conformity with the Charter of the United Nations and other foreign commitments.

It is in that connection that we need these present new powers of requisition and allocation as contained in H. R. 9176. If any of our commitments to the United Nations or under the Atlantic Pact or any other foreign commitments that we have duly made necessitate requisitioning, the President should have the power that we give him under H. R. 9176 to requisition big-business plants, if necessary, big-business facilities, as well as articles and commodities that are usually found in the hands of the small-business man.

There is one other item here. Our bill will control consumer credits and real-estate credits, and under the powers given to the President under this bill there will be no attempt and there can be no attempt at evasion. Under the emasculated provisions as written into the proposed substitute, which uses the same titles but somewhat different language, it creates many loopholes. You will have all sorts of evasion and avoidance of the principles that everybody agrees should be enacted into law.

Mr. KEATING. Mr. Chairman, if the gentleman will yield further, do I understand that in the so-called Deane substitute that contains all of the provisions of the original administration bill, that is, the committee bill, plus provisions for rationing, price control, and wage control? Is that a fair analysis?

Mr. MULTER. I believe that the proposed Deane substitute contains all of the provisions of H. R. 9176 plus an additional title calling for mandatory wage and price controls at this time. Is that right, may I ask the gentleman?

Mr. DEANE. Not mandatory, but stand-by.

Mr. MULTER. By the time you get through with the proposed Kunkel substitute and the proposed Deane substitute I think they will be somewhat alike, at least as to wage and price controls.

This is a good bill as presented by our committee. If you think you can make it a better bill by adding stand-by price and wage controls, then add them. But do not do it with weasel words. Do it in plain and simple language that will accomplish what we intend.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. DOLLINGER].

(Mr. DOLLINGER asked and was given permission to revise and extend his remarks.)

Mr. DOLLINGER. Mr. Chairman, it must be conceded that the present time of great stress can become at any moment a time of grave crisis. Only by taking every precaution and laying a firm foundation of constructive defense plans now, can we be assured of successfully meeting the crisis, should it come.

Let us not forget that the great conflict for the preservation of our freedom and our very lives has begun. The aggression which would deprive the Koreans of their liberty is a threat to our very existence, and a stern warning that a long period of work, sacrifice, and hardship is ahead of us. It is of vital importance that the aggressor who would destroy freedom in the world be convinced that we are solidly united in our aims and endeavors here; that no sacrifice is too great; and that the deprivations we are called upon to bear will be borne cheerfully, in the name of liberty.

This is no time for wishful thinking, inefficiency, or lack of vision. We must call into use all our resources, the maximum efforts of brains and brawn—rekindle in every heart, love and patriotism for our great country, and tackle effectively the tremendous job that we have to do. Our men who are now giving their lives in battle are entitled to know that we have a strong and impregnable home front and that every citizen is cheerfully meeting the demands placed upon him.

Confusion must be avoided at all costs. The people are looking to us, their Representatives, to point the way for them. We are charged with the responsibility of taking every necessary measure to meet at once the demands as they arise. Adequate defense calls for economic as well as military strength. All-out preparedness is more to be desired than to be found vulnerable; the morale of our people will be maintained at a high level if we give them a workable program of defense now—and we cannot take action too soon.

The bill before us for consideration would answer part of that need. However, it falls far short of adequacy. The importance of controls over production and credit is recognized. But we must go much further. In my opinion, the President should be given stand-by controls over all prices, rents, and rationing. Time is a vital factor toward any victory, and we must be ready for complete economic mobilization at any given moment.

We should benefit by our experiences in World War II. You will recall that price controls were not put into effect until long after the emergency, and it was necessary to roll back prices. Prices on necessary commodities are already soaring. Controls of production without price control mean inflation and resulting hardship to the mil-

lions who cannot afford to meet the increased prices of essentials. You have all read countless stories of the hoarding which has already begun. It does no good to try to assure the people that hoarding is not necessary. It is going on now at an alarming rate and shortages will soon be upon us unless we provide necessary safeguards. Without them, those who are willing to be sensible will suffer unfairly because of the selfishness of the hoarders. Rationing protects all, and conservation of necessities is another step in the structure of defense.

Our present rent-control law is useless in the face of a wartime emergency. Again we can profit by our experiences of only a few years ago and provide adequate protection for the countless persons who will find themselves homeless if we do not remember them now. A strong, adequate, Federal rent-control law is a must.

If we enact comprehensive stand-by laws now, which could transform our economy from a peacetime basis to a wartime basis the moment it becomes necessary, we will only be using the foresight our people expect of us. It simply is not possible at this point for us to be too well prepared—for anything. Only by meeting every problem and emergency just as soon as it is upon us, can we hope to win the bitter conflict of ideologies now under way.

Profits must be taken out of war. An excess-profits-tax bill must be passed at once. This is one time business must assume its proper burden; business cannot be let alone so it can make huge profits while men die in the hills and rice paddies of Korea. Profiteering must be stopped—not when it is too late—but now.

Inconvenience, sacrifice, deprivations, let us have them. What a small price to pay for that most precious heritage which is now so critically threatened—liberty.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. DEANE].

(Mr. DEANE asked and was given permission to revise and extend his remarks.)

Mr. DEANE. Mr. Chairman, I take pride in my membership on the House Committee on Banking and Currency. I admire and have a great respect for the keen minds and the loyalty of the members of that committee.

Digressing for a moment, I feel that I express the sentiment of each member of our committee and this House when I say that, while wishing him great success as he goes into other fields, we are going to miss very much our beloved friend and a member of our committee the gentleman from Oklahoma [Mr. MONRONEY].

I hope I may not be classed as a deserter of our committee in offering a substitute bill H. R. 9280 which I feel goes to the heart of the problem we face in the country today in view of the present economic emergency.

I am inserting in the RECORD here photostatic copies of editorial comments from representative newspapers in various sections of the country indicating that we should be realistic in the legislation before us. These observations to which I invite your attention clearly indicates that. We should take an additional step and provide for price and wage controls.

[From the Birmingham (Ala.) Post-Herald of July 28, 1950]

STOP INFLATION NOW

From two eminent sources, Congress and the country got two varieties of advice this week about what economic actions are made necessary by the world crisis in Korea.

One variety came from President Truman and his Council of Economic Advisers. It filled a 160-page printed book, replete with charts and tables of statistics.

Its substance was that the actions already taken or proposed by Mr. Truman are sound and adequate to the present situation.

The other variety, filling 15 typewritten pages, was read by Bernard M. Baruch to the Senate Banking and Currency Committee.

Its theme was that Mr. Truman's actions, taken or proposed, though good as far as they go, are gravely deficient in that they don't go far enough to mobilize the country and to stop inflation.

Mr. Baruch warned against trusting "the futile, illusory hope" that the Korean crisis will pass off without upsetting us too much.

That crisis, he said, is bigger than Korea. The "final area of decision" is not there. Another world war may yet be averted—but only through far greater effort than thus far has been proposed.

For we are lagging in a race against an enemy who has mobilized and armed for war while America and other free nations disarmed. Even if the Korean affair did blow over, we still would have to mobilize and arm, or invite aggression elsewhere.

But mobilizing and arming on the scale now imperative will require vast government spending, increasing already serious inflationary pressures.

They call also for Government priorities, such as Mr. Truman has asked on materials and productive facilities. And once the Government steps into the market with enormous demands, requiring quick priorities, it starts an inevitable chain reaction.

Those from whom the Government takes materials will seek to replace them, bidding up prices to get what they want. So control of prices will become necessary. But price controls won't work well or fairly without rationing. And price controls will prove ineffective if wages and other costs are left free to rise.

Therefore, Mr. Baruch told Congress, it is Government's urgent duty to place a ceiling over the entire economy—a ceiling on prices, wages, rents, food and all other costs—to eliminate profiteering and to ration scarce essentials.

And to do that at once, instead of deliberately refusing "to lock the stable door until after the horse is stolen." For "the right time to stop inflation is always now. * * * It will never be easier to do than now."

Like many other Americans, Mr. Baruch fears concentration of power in the Government and too great dependence of the people on the Government. But, he said:

"The gravest threats to preservation of the American system today are not Government controls. They are military defeat abroad and further inflation at home. What could make people more dependent on Government than inflation?"

If the value of savings is destroyed, he pointed out, with it will go the ability of individuals to care for themselves. If some are permitted to profiteer at the expense of many, the people's confidence in justice will be sapped, leaving grievances for the politically unscrupulous to exploit.

He further advocated taxes high enough to eliminate profiteering and cover all defense costs; postponement of all nonessential Government spending, and fast steps to organize America for all-out mobilization.

Ten years ago, in another growing world crisis, Mr. Baruch began giving President Roosevelt and Congress and the American people that self-same advice.

Looking backward now, it's plain to see that the limited amount of his advice then followed promptly has proved wise.

But to a great extent his advice was disregarded, or followed by degrees too little and too late. And for that fact this country and its people have paid, and still are paying, a fearful price.

This time, let's heed the lessons of experience.

[From the Cleveland (Ohio) Plain Dealer of July 31, 1950]

CONTROLS, MILD OR DRASTIC?

The most important issue before Congress at this time is the determination of the character and extent of the Government controls which should be imposed on the domestic economy in view of the increased military expenditures which are necessary at this time and which may be required in the future.

Bernard Baruch, America's distinguished statesman without portfolio, has expressed the belief that complete controls should be applied immediately to materials, wages, prices, and profits, and that rationing should be invoked for scarce essentials, or those likely to become scarce.

The extreme opposite viewpoint is that the war effort can be maintained satisfactorily merely by a voluntary system of allocating raw materials and other facilities where they will be needed.

A middle-ground program has been submitted to Congress by President Truman. It calls for allocation and priority authority, credit restrictions, and Government loans to finance business expansion for war production.

In the long run, the extent and nature of the controls that are required will be governed by the proportion of our total production that must be devoted to defense. That, in turn, will be determined by the military situation throughout the world. If the war in Korea remains localized, and no others like it break out, we can probably maintain a state of readiness, or partial preparedness, for an indefinite period without imposing drastic controls over the civilian economy. But in the event of more incidents on the Korea model, or a general war, the situation would be entirely different.

This newspaper believes drastic controls should be avoided if that is at all possible. Production can be achieved much more quickly and efficiently in a free economy than in a controlled one. Moreover, we know from recent experience how reluctant bureaucratic officials are to relinquish controls when they are no longer necessary.

Therefore, unless the war situation grows worse, what is more needed at this time, we believe, are higher taxes and strict limitations on bank credit and installment buying. These measures would have the twofold effect of helping to put the Nation on a pay-as-you-go basis, which is the surest way to avoid inflation, and of curtailing the demand for civilian goods, which would facilitate the smooth operation of a system of priorities and allocations for military production, avoid shortages of civilian goods, and reduce pressures for price increases.

We must recognize, however, that in the event of a general world war, mild controls would not be sufficient. And of this we are certain, that if the military situation should require the imposition of drastic controls, such as those recommended by Baruch, they must all be put into effect at the same time.

But whatever type of controls is adopted, they must be accompanied by a sharp cur-

tailment in Government spending for nondefense purposes, if a serious disruption in the economy of the Nation is to be avoided. There should be a complete suspension of Government spending for all projects which can be deferred. There must be more evidence than there has been to date of a sincere desire on the part of Congress and the administration to make a substantial reduction in Government spending that is not related to the war and rearmament.

In this connection, the administration might very well give thought to a revision of the European aid program from a civilian to a military basis. We have gone a long way toward helping the nations of western Europe restore their civilian economies. Today the threat they face is no longer economic collapse but armed aggression. Perhaps the time has come to give western Europe guns instead of butter. But we should insist that those we aid should help themselves and should also contribute whatever they can to the fighting war in Korea.

[From the Hartford (Conn.) Times of July 27, 1950]

MR. BARUCH'S BLUEPRINT

President Truman is asking for certain controls and alterations in the present economic set-up to meet the demand for expansion of our military forces and to offset the financial effects of greater Government spending. These changes include credit controls, allocation powers covering scarce materials, and increased taxes. He has not asked for excess-profits taxes or for price controls.

Exercise of these new powers may enable us to hold the line. If they do not, Mr. Truman says they will at least make the next steps easier and that all preparations for such steps have been made. "If it should become necessary," he says in his economic report, "I shall without hesitation ask the Congress for the grant of the powers to implement these further plans, whether for complete economic mobilization or for further intermediate action, depending upon the need."

To Mr. Bernard Baruch, however, there is no warrant for such a gradual approach to the problem. Mobilization is a familiar problem to him. He has served as a Presidential confidant and public adviser through two world wars and has made a specialty of national preparation to meet a military crisis.

Like any other good planner, Mr. Baruch has a program adequate for circumstances of the gravest nature. His differences with the President's program lie in the degree to which he deems it essential to interfere immediately with the normal factors in our economy. He would go all out at once.

The elder statesman tells the Senate Banking Committee that the time is already here for "an all-over ceiling across the entire economy—over all prices, wages, rents, fees and so on, with high enough taxes to prevent profiteering and pay all defense costs, and an all-embracing system of priorities."

This is total mobilization, at least so far as the whole economy of the country is concerned. Probably Mr. Baruch would not contend that we have yet reached a stage of total war but he evidently believes that our financial and industrial status should be the same as it would be if we were facing a foe on every front.

It is not likely that Congress will adopt this viewpoint. Nor is it essential that it should, provided—and this is a proviso of imperative urgency—we have economic scouts on the job capable of reporting the approach of even a creeping inflation.

Although he does not ask for them now, the President presumably would not object to stand-by powers in excess of anything he intends to use immediately. These, however, the Congress will be most reluctant to grant. Probably a Presidential request for them would precipitate a partisan battle we can ill afford just now. The alternative is that Congress remain on the job and that the executive branch keep it alerted to all inflationary tendencies. Also there should be an advance agreement among the leaders as to what should be done if the time arrives for more drastic curbs on prices, wages, credit, civilian use of scarce materials, or the normal tendency of production to seek the channels of largest profits.

Mr. Baruch thinks we already face the choice of total economic mobilization "or of clinging to petty wants and petty profits, imperiling our freedom and our civilization." If such a choice does not actually confront us, it may very well be just around the corner. If we are wise, we will be fully prepared to meet it on short notice. If it comes, there is no question that something closely resembling the Baruch blueprint should be adopted as our program of national action.

[From the Atlanta (Ga.) Constitution of July 28, 1950]

FOR ALL-OUT MOBILIZATION—NOW

Better than most of those in Washington, the people are aware that half-measures invariably result in a half-way job.

We now are trying to prepare the country for possible all-out war with half-measures, both military and economic.

The people are confused. Being at least 6 months ahead of official Washington in their thinking, they are ready now to begin whatever sacrifices may be necessary to insure victory should the Soviet Union attack.

Congressmen are aware of the growing sentiment in this direction. Yesterday the House Banking Committee defeated by only one vote a proposal for full economic controls.

Bernard Baruch, elder statesman and adviser to Presidents, has told Congress he believes full mobilization of all our resources is necessary. Mr. Baruch's thinking is in line with that of nearly all economists and military leaders. Only a few days ago Representative CARL VINSON, of Georgia, chairman of the House Armed Services Committee, cried that Mr. Truman's partial mobilization measures fall far short of our need. Both Mr. Baruch and Mr. VINSON long have held the opinion the country's defenses were being allowed to deteriorate beyond the margin of safety. It was his criticism on that point that brought about the break between Mr. Baruch and the President.

The people, we firmly believe, are fully ready to accept Mr. Baruch's program of total mobilization, including price controls, wage controls, rationing, rent controls, and all other measures needed to channel the country's full productive capacity into war goods and supplies.

That would mean regimentation, but regimentation in an emergency is the only means of insuring against discrimination. Moreover, there are few among us who would say that regimentation, of limited duration, would not be preferable to defeat at the hands of the Communists.

Mr. Truman, in opposing all-out mobilization at this time, finds himself in the strange company of Senator TAFT, Republican, of Ohio. The integrity of neither is to be questioned. But the weight of evidence is against them.

The President has made one point clear. When controls are imposed they will be complete. Mr. Truman has made it plain he realizes wage controls must go along with price controls, rationing, excess-profits tax, and other measures. All are necessary to a balanced wartime economy and as assurance that one group does not profit from mobilization at the expense of others.

We do not know when Russia will attack. But if the Soviet Union wanted peace it could be assured of it. That Stalin has not called off the war in Korea means the masters of the Russian people have not changed their avowed determination to dominate the world. The poor state of our defenses is shown in the almost daily reverses in Korea. It will require the concerted energy of the Nation to rebuild them to the point of safety. We already have waited too long. The people are ready. They merely wait on a lagging Congress and a reluctant President.

[From the Indianapolis (Ind.) News of July 27, 1950]

SHALL WE DO IT NOW?

Shall we do now what we know will have to be done later?

That is the question, and the honesty and degree with which it is met may decide this Nation's entire future.

Bernard Baruch, the elder statesman, posed the question, and also gave its corollary: "or shall we fumble and falter and invite defeat."

The American people, as so often happens, are ahead of the President and Congress, this newspaper believes, in understanding the gravity of the hour.

Some Members of Congress, it is true, realize it; Senator HOMER E. CAPEHART spoke for them when he asked why an emergency isn't declared and when he warned there is no way of telling how long America must be on a war footing—"it might be 10 years or 25 or 100 years. I can't tell."

Congress undeniably is faced with a difficult decision: Should it go along with President Truman's program for industrial allocations and credit controls without rationing and wage and price controls? Or should it heed Mr. Baruch, who resolutely told the legislators that the President's plan does not go far enough.

The reasons put forth for total economic mobilization are compelling ones. The real danger, he warns, is not Government control but military defeat abroad and inflation at home. And it is true that the President's program proposes a system of priorities over production, yet it does not provide for controlling prices and other costs. And that unquestionably is inviting more inflation.

"It may be argued that the menace of inflation is not so frightful today," Mr. Baruch said, "since we are not yet at war. Actually the danger is greater."

What is needed, he told Congress, "is an over-all ceiling across the entire economy—over-all prices, wages, rents, fees, and so on, with high enough taxes to prevent profiteering and to pay all defense costs, and an all-embracing effective system of priorities."

Is Mr. Baruch right? Must the Nation completely control its economy? Even if he is not correct on every point, his program unquestionably is sounder than the administration's.

While President Truman acted with courage and foresight in calling the Communist bluff and in asking for higher taxes, he cannot sever himself altogether from his political background. He would like to settle for both guns and butter, just as many a Congressman would, and just as some citizens mistakenly believe is possible.

If we have learned anything from past wars, we should know that the longer we delay cutting away peacetime fat and comfort, the longer we defer the equality of sacrifice and effort that is required, the harder the job is later on.

As Mr. Baruch says, "experience has taught us that when the Government steps into the market with such enormous demands requiring such quick priority, you must control all prices, including wages, rents, foods, and

other costs. This is not a pleasant outlook. Neither is that of the young man who has to go to battle. He risks all. Those who remain at home are called upon only to have less comfort."

It is far easier to agree with the adviser to Presidents that, before peace is won, we shall have to come to total mobilization, than it is to follow the faction that would try piecemeal adjustments. That simply isn't possible in this dread day of the atom.

[From the Louisville (Ky.) Courier-Journal of July 27, 1950]

WE MUST MOBILIZE NOW OR WE IMPERIL ALL

The gloomier the news from Korea gets, the more we must marvel that the Nation continues to turn a doubting ear to the advice of Bernard Baruch. And even if the news should suddenly improve, we face, as President Truman and Senator TAFT and just about everybody has said and knows, long years of meeting the requirements if not of world war at least of world defense.

President Truman, it is true, has acted with political courage and statesmanlike foresight in asking Congress for prompt action now in raising taxes, an inevitable follow-up to the enlarged armed forces necessitated by the Korean war and its global implications and ratified quickly enough by Congress. Heavier personal taxes, heavier corporation taxes, and sharp excess profits taxes are demanded by even partial mobilization, and we do well to accept that hard fact now.

But, as Bernard Baruch has tirelessly reminded us between wars, at least three-quarters of the effort required to wage modern war must be civilian. We may not now have the many years of detailed planning without which no major war can be fought efficiently, but such time as we have should not be frittered away in wistfully inactive agreement that of course we will do thus-and-so when and if events show thus-and-so is needed. Two world wars have given us a clear outline of what the present situation calls for, and Mr. Baruch is quick to urge Congress to meet it: All-out economic mobilization now, the better to expedite that all-out military mobilization toward which we must build and plan as fast as danger demands that we should.

The real danger, as Mr. Baruch says, is not Government control but military defeat abroad and inflation at home. We must organize ourselves—"all our resources of men, money, materials, and morals—so that whatever happens—new aggressions abroad, possible destruction at home—whatever happens, the Armed Forces can get what they need when they need it, with the least necessary dislocation of the civilians."

What this involves, of course, is "an overall ceiling across the entire economy—over all prices, wages, rents, fees, and so on, with high enough taxes to prevent profiteering and to pay all defense costs, and an all-embracing effective system of priorities."

We learned that in the last war. Now, with a small-scale war already burning and the prospect of global war sharp in the minds of us all, we still show reluctance to believe that we must begin to cut away our peacetime fat and comfort if we are to have muscle strong enough for the job. The limited powers sought by the President under the Defense Production Act of 1950 are, as Mr. Baruch told the Senate Banking Committee, not enough; indeed, in piling a system of priorities on top of a necessarily huge military spending program, with no provisions for price control, they constitute an invitation to inflation.

We hope that Congress this time will listen and act with speed and wisdom. If we win the next war we can end excessive governmental controls when we please—but without them we are in mortal danger of losing that war. And who then, except Soviet academicians, would be interested in how and why it was that we mobilized too late?

[From the Birmingham (Ala.) Post-Herald of July 29, 1950]

THE MODERATION FRONT

President Truman said rightly that price and wage controls and rationing should start simultaneously—if danger of inflation makes them necessary.

But, he makes it clear, he does not think them necessary now.

He continues to hope his present program will keep them from becoming necessary. That program includes:

A new $5,000,000,000 tax bill, which Congress will take some weeks to pass; a heavier tax bill, which he says should be enacted after the November elections; Government power to curb consumer and speculation credit; reduction of nondefense Government spending wherever feasible.

In addition, his economic report this week called for voluntary measures against inflation—for businessmen, consumers, and labor to practice moderation, refrain from hoarding or avarice, and avoid inflationary wage demands and strikes.

Let's see, then, how goes the battle on the "moderation" front:

The day Mr. Truman's economic report reached Congress the Government daily spot index of wholesale prices for 28 commodities had risen 3 percent in less than a week, 10 percent in the last 4 weeks.

That same day the Dun & Bradstreet wholesale food price index hit $6.49—up 8 cents in a week to its highest point since September 1948.

Despite Agriculture Department efforts to hold them down by selling Government's stored stocks at a 200,000-bale-a-week clip, cotton prices had jumped about $26 a bale since Korea.

The Wall Street Journal reported "gray marketeers" demanding premiums of 100 percent or more for steel; savings-bank deposits tapering off as one effect of "war-scare buying;" moneyed people, seeking refugef rom coming higher taxes, bidding up prices of tax-exempt bonds.

The Federal Reserve Board reported Nation-wide department store sales the week of July 15 were 46 percent above a year ago; the greatest increase on record.

Milk prices rose in Chicago, Dallas, New Jersey, and New York City, where the increase was a cent a quart in groceries, a cent and a half home delivered. Manufacturer's prices for Camel and Cavalier cigarets went up half a cent, retail prices a cent.

The United States Labor Department reported an all-time peak of average hourly wages in manufacturing industries—$1.45 an hour. Machinists and toolmakers at 6 Reynolds Metals Co. aluminum plants struck for higher pay.

And a whimsical Washington (D. C.) grocer decided to see how silly hoarders could get. He put up big signs offering 5 pounds of sugar for 98 cents, almost twice his price the day before, and sold 800 pounds in 4 hours.

Congressmen in growing numbers lack Mr. Truman's faith in voluntary measures and indirect controls.

Republicans on the House Banking Committee tried Thursday to write Bernard M. Baruch's proposal for price-wage controls and rationing into the administration's pending defense production bill.

The committee defeated their effort, but by a vote of only 10 to 9.

Mr. Baruch has urged Congress to order price-wage controls and rationing started without delay. If Congress won't go that far, he says, it should at least write authority into law right now, then keep it ready for Mr. Truman to use instantly if and when he changes his mind.

Congress would be exceedingly wise to do just that.

For Mr. Truman may find it necessary to change his mind suddenly and soon.

Certainly the menace of inflation is far more serious today than it was on November 17, 1947, when he demanded from an emergency session of the Republican Eightieth Congress immediate price-wage control and rationing powers. Or than it was on January 7, 1948, when he repeated that demand although a period of deflation was then already under way.

Three of us in the committee voted for a bill offered by the gentleman from Pennsylvania [Mr. KUNKEL], not with the idea that it was perfect but in order that the committee might work its will in bringing to this floor legislation that would be comprehensive.

My bill, which was distributed to the offices of the Members this morning, is H. R. 9280. It will carry every provision contained in the committee bill, H. R. 9176 except the addition of this language in the declaration of policy:

It is the objective of this act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this act to promote the national defense, by meeting, promptly and effectively, the requirements of military and other programs in support of our national security and foreign-policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use.

H. R. 9280 which I am offering as a substitute differs from the latest Kunkel bill, 9283, in these important parts. The priorities and allocations in both the Kunkel bill and my bill are the same.

As to the power to requisition, my bill is the same as reported from the committee. The bill offered by the gentleman from Pennsylvania [Mr. KUNKEL] is limited to commodities and articles.

The expansion of productive capacity in both bills is approximately the same.

As to the control of credit and commodity speculation, my bill provides for the regulation of consumer credit, housing credit, and commodity speculation, as reported by the committee. As discussed here on the floor this afternoon, the bill offered by the gentleman from Pennsylvania provides only for consumer credit.

Someone may ask who wrote the so-called Deane bill, H. R. 9280. I have studied carefully the statements made by Mr. Baruch. I have also advised with the former distinguished Member of this body, the Hon. John Sparkman. I advised at length with the legislative counsel and the loyal clerk of our committee, in trying to bring together the additional title V, which I feel is representative of the thinking of the American people today.

I cannot help but see in my mind at this time the picture we saw in the morning Post of soldiers from this area leaving for camp. Many of us, no doubt all, are disturbed mentally about the situation. We should not lose a single opportunity to draft into legislation comprehensive control over wages and prices. To that end I propose to submit

H. R. 9280, my bill, with title V, as a substitute unless there is offered by the committee amendments that will take care of the provisions included in title V of my bill because I feel that the time is here when we should seriously come to grips with the problem.

Mr. Chairman, I feel that we would actually defeat the purpose of our committee bill if we did not add those provisions that would make available the stand-by authority vested in the President to control wages and prices.

TITLE V. DEANE BILL

I outline here the provisions of title V of my bill, the title that is not included in the committee bill:

TITLE V—PRICES AND WAGES

NOTICE OF INTENDED PRICE INCREASES

SEC. 501. The President may by regulation or order require sellers of any commodity which significantly affects the cost of living, the costs of industrial or agricultural production or of construction, or the costs of national defense or foreign aid to give up to 60 days' notice to the President prior to the effective date of any intended price increase with respect to any such commodity. After the issuance of any such regulation or order, no price increase shall become effective for the specified commodity without the giving of the notice required by the regulation or order and until the expiration of the period required to be specified in the notice. The President may require any seller who has filed such a notice to appear at a public hearing with respect to the justification for such price increase. At the expiration of the period required to be specified in the notice, the price increase may become effective, unless prior thereto a maximum price for such commodity is established pursuant to this title. If a maximum price is not so established prior to the expiration of the period required to be specified in the notice, that fact shall not preclude the establishment at a later date of a maximum price for such commodity in accordance with this title.

CONDITIONS FOR ESTABLISHING MAXIMUM PRICES

SEC. 502. The authority granted by this title to establish maximum prices for a commodity shall not be exercised unless it is determined by the President that—

(1) the price or prices of such commodity have risen or threatened to rise at any time after June 1950 to such an extent as to affect significantly the cost of living, the costs of industrial or agricultural production, or of construction, or the costs of national defense or foreign aid;

(2) other measures available under this act would not promptly and effectively deal with the rise or threatened rise in prices in a manner consistent with the purposes of this act;

(3) the proposed action will help to carry out the objectives of this act as stated in section 2.

DECONTROL

SEC. 503. Whenever any authority is exercised under this title, the President shall periodically review the conditions of its exercise for the purpose of assuring the removal of such control at the earliest practicable date and, to the extent that he determines that the continued exercise of such authority is no longer necessary to effectuate the purposes of this act, he shall immediately rescind such controls.

STANDARDS FOR ESTABLISHING AND ADJUSTING MAXIMUM PRICES

SEC. 504. (a) Whenever in the judgment of the President the conditions set forth in section 502 for the establishment of maximum prices for a commodity have been satisfied, the President may by regulation or order establish such maximum prices for the commodity as, in his judgment, will be generally fair and equitable and will aid in effectuating the purposes of this act. In establishing any such maximum price, the President (1) shall, so far as practicable, ascertain and give due consideration to the prices generally prevailing in June 1950 (or if, in the case of any commodity, the prevailing prices in June 1950 are not generally representative because of abnormal or seasonal market conditions, or other cause, then to the prices prevailing during the nearest period in which, in the judgment of the President, the prices for such commodity are generally representative for such commodity) and shall make adjustments for such relevant factors as he may determine and deem to be of general applicability; and (2) may consider, among other factors which he deems relevant, speculative fluctuations, unusual price relationships, and the level of costs of production, distribution and transportation: *Provided,* That no such regulation or order shall contain any provisions requiring the determination of costs otherwise than in accordance with established accounting methods.

(b) Before issuing any regulation or order under the foregoing provisions of this section, the President shall, so far as practicable and appropriate, advise and consult with persons who, in his judgment, are representative of the industry which will be subject to such regulation or order, and shall give consideration to their recommendations. In the case of any commodity for which a maximum price has been established, the President shall, at the request of any substantial portion of the industry subject to such maximum price, regulation, or order, appoint an industry advisory committee or committees, either national or regional or both, consisting of such number of representatives of the industry as in his judgment may be necessary in order to constitute a committee truly representative of the industry, or of the industry in such region, as the case may be. The President shall from time to time advise and consult with the committee with respect to the regulation or order, and with respect to the form thereof, and classifications, differentiations, and adjustments therein, and shall consider any recommendations that the committee may submit.

(c) After the issuance of any regulation or order establishing a maximum price under subsection (a), the President may on his own initiative or at the request of the industry advisory committee, established under subsection (b), review and, when he deems necessary, revise the maximum price or prices established by such regulation or order. In making such review the President shall consider, among other factors which he deems relevant, changes in the costs of production, distribution, and transportation since the establishment of the maximum price, and the level of profits earned by sellers of the commodity or commodities.

(d) Every general regulation issued under the foregoing provisions of this section establishing a maximum price or prices for commodity shall be accompanied by a statement of the considerations involved in the issuance of such regulation. This requirement shall not apply to modifications of any such previous regulation where the President determined that justification for such modification is adequately covered by previously published statements of consideration.

(e) Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this act, he may, without regard to the foregoing provisions of this section, issue temporary regulations or orders establishing as a maximum price or maximum prices the price or prices prevailing with respect to any commodity or commodities during such period subsequent to June 1, 1950, as the President shall specify; but any such temporary regulation or order shall be effective for not more than 90 days, and may be replaced by a regulation or order issued under the foregoing provisions of this section.

(f) The President shall make an adjustment for hardship to a seller caused by a maximum price established under this section, if in the judgment of the President such adjustment is necessary to prevent gross inequities and can be made without impairing compliance with the provisions of this title and the effectiveness of the regulation.

(g) Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit manipulative practices (including practices relating to changes in form or quality) or hoarding, in connection with any commodity, which in his judgment are equivalent to, or are likely to result in, price increases inconsistent with the purposes of this title.

AGRICULTURAL COMMODITIES

SEC. 505. (a) No maximum price shall be established or maintained for any agricultural commodity below a price which will reflect to producers of such commodity the parity price, as determined by the Secretary of Agriculture, or, in case a comparable price has been determined for such commodity under subsection (b), such comparable price for such commodity (adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials); and no maximum price shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to the producers of such agricultural commodity a price therefor equal to the parity price or comparable price, as so determined.

(b) For purposes of this title, in the case of any agricultural commodity other than the basic crops—corn, wheat, cotton, rice, tobacco, and peanuts—the Secretary shall determine and publish a comparable price whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the parity base period as to result in a price out of line with parity prices for basic commodities: *Provided,* That comparable prices heretofore determined by the Secretary may be used for the purposes of this title.

(c) Whenever a maximum price has been established, under this title or otherwise, with respect to any fresh fruit or any fresh vegetable, the President from time to time shall adjust such maximum price in order to make appropriate allowances for substantial reductions in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such commodity.

(d) Nothing contained in this title shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provisions thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such act.

WAGES

SEC. 506. (a) The adjustment of wages, salaries, or other benefits (hereafter referred to as wages) through collective bargaining to reflect increases in productivity, to protect and improve standards of living, and to afford an equitable distribution between wages and profits, is in accord with the policy of the United States. This title is not intended to modify this policy, but rather to further the objective of preventing price increases which tend to destroy economic sta-

bility and correspondingly to destroy the value of the wage earner's dollar.

(b) The President is authorized to establish a Temporary Wage Board, hereinafter referred to as the "Board." The Board shall be composed of six members, to be appointed by the President, two of whom, including the Chairman and the Vice Chairman, shall be representative of the public, two representative of employees, and two representative of employers. For each member of the Board the President shall appoint an alternate member who shall serve as a member of the Board in the absence of his principal. The Board shall be within the Department of Labor, but shall be independent of the Department of Labor with respect to its decisions.

(c) An increase in wages granted by an employer who produces or processes a commodity for which a maximum price is in effect under this title may not be considered as an increase in cost of production for the purpose of adjustments in price ceilings under section 504 (c) until 6 months after the effective date of the wage increase, except to the extent that the wage increase has been found by the Board to be necessary for one or more of the purposes specified in subsection (d). A wage increase or prospective wage increase may be submitted to the Board at any time, under procedures to be established by the Board, for a determination under subsection (d).

(d) When an increase in wages or a prospective wage increase has been submitted to the Board, it shall be the duty of the Board to determine whether the wage increase or any portion thereof is necessary for one or more of the following purposes: (1) To compensate for increases in the cost of living, or (2) to correct inequities in the wage structure, or (3) to correct substandards of living, or (4) to maintain essential production at levels certified by the President. The decision of the Board shall be rendered as expeditiously as possible after receipt of the application. Decision shall be by the majority vote of the Board.

(e) Members of the Board representing the public shall receive compensation on a per diem basis when actually employed at the rate of $15,000 per annum and travel expenses as authorized by section 5 of the act of August 2, 1946 (5 U. S. C. 73b-2), for persons so employed. Other members of the Board shall serve without compensation but shall be entitled to transportation and subsistence as authorized by said section for persons so serving at a rate of $25 per day.

(f) Service of an individual as a member of such Board shall be exempt from the provisions of sections 281, 283, and 284 of title 18, United States Code (Public Law 772, 80th Cong.), and of section 190 of the Revised Statutes (5 U. S. C. 99).

(g) In the exercise of the authority conferred upon the Board by this act it may issue rules, regulations, and orders, and include therein such provisions as it finds are reasonably necessary to exercise its functions hereunder.

(h) The President may transfer and delegate the function, power, authority, and discretion conferred on the Board by this section with respect to salaries, and wages of agricultural labor as defined by the President in regulations, to such departments and agencies or officials of the Government as he may deem appropriate.

ADMINISTRATION AND ENFORCEMENT

SEC. 507. (a) The protest procedure set forth in section 203 of the Emergency Price Control Act of 1942, as amended, shall be applicable to this title, except that protests may be filed only within a period of 60 days after the issuance of the protested regulation or order, or, if such protest is based solely on grounds arising after the issuance of such regulation or order, within a period of 60 days after such grounds arise.

(b) The Emergency Court of Appeals created by section 204 (c) of the Emergency Price Control Act of 1942, as amended, is hereby continued in existence for the purposes of review of proceedings under section 507 (a) of this act, and for those purposes the provisions of section 204 of the Emergency Price Control Act of 1942, as amended, shall be applicable.

(c) The enforcement provisions of section 205 of the Emergency Price Control Act of 1942, as amended, with the exceptions of subsections (b), (f), and (g) thereof, shall be applicable to this title.

(d) (1) It shall be unlawful, regardless of any contract, agreement, lease, or other obligation heretofore or hereafter entered into, for any person to sell or deliver any commodity, or in the course of trade or business to buy or receive any commodity, or otherwise to do or omit to do any act in violation of any regulation or order under this title, or to offer, solicit, attempt, or agree to do any of the foregoing.

(2) It shall be unlawful for any officer or employee of the United States or for any adviser or consultant to the President (or to any department or agency to which functions under this title may be delegated) to disclose, otherwise than in the course of official duty, any information obtained under this title or to use any such information for personal benefit.

(3) Nothing in this title shall be construed to require any person to sell any commodity.

(e) The President from time to time, but not less frequently than once every 90 days, shall transmit to the Congress a report of operations under this title. If the Senate or the House of Representatives is not in session, such reports shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be.

(f) The provisions of the Emergency Price Control Act of 1942, as amended, which are incorporated by reference in section 507 (a), (b), and (c), shall be applied to this title with such changes in designation of provisions as may be appropriate. Reference in these incorporated provisions to the Administrator shall be deemed to refer to the President (or to any department or agency to which functions under this title may be delegated). Reference in those incorporated provisions to a regulation or order issued under section 2 of the Emergency Price Control Act of 1942, as amended, shall be deemed to refer to a regulation or order issued under section 504 of this act. Reference in those incorporated provisions to the violation of section 4 of the Emergency Price Control Act of 1942, as amended, shall be deemed to refer to the violation of section 407 (d) of this act.

DEFINITIONS

SEC. 508. As used in this title—

(a) The term "sale" includes sales, dispositions, exchanges, leases, and other transfers, and contracts and offers to do any of the foregoing. The terms "sell," "selling," "seller," "buy," and "buyer" shall be construed accordingly.

(b) The term "price" means the consideration demanded or received in connection with the sale of a commodity.

(c) The term "commodity" means commodities, articles, products, and materials (except materials furnished for publication by any press association or feature service, books, magazines, motion pictures, periodicals, and newspapers, other than as waste or scrap), and it also includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales of a commodity, or in connection with the operation of any service establishment for the servicing of a commodity: *Provided*, That nothing in this title shall be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees, except as provided in section 506, or (2) rates charged by any common carrier or other public utility, or (3) rates charged by any person engaged in the business of selling or underwriting insurance, or (4) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting station, a motion picture or other theater enterprise, or outdoor-advertising facilities, or (5) rates charged for any professional services.

(d) The term "maximum price," as applied to prices of commodities, means the maximum lawful price for such commodities. Maximum prices may be formulated in terms of prices, margins, commissions, fees, and other charges and allowances.

In my bill H. R. 9230 it is provided that both wages and prices be rolled back to June of this year. Instead of taking a particular date during a particular month, the entire month is taken, because if a certain date is taken it is possible that some particular commodity may have reached the low point in the market. If a spread is given for the entire period of June, less inequalities are likely to result.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield.

Mr. PACE. Does the gentleman tie prices and wages together so that where one is in effect the other must be in effect? Or does he leave them independent of one another where either one can be put into effect?

Mr. DEANE. On that particular point I will say to the gentleman from Georgia my bill provides, so far as wage controls and price controls are concerned, that 60 days' notice must be given before a price rise can go into effect on any article which the President has listed as significantly affecting the cost of living or the cost of national defense. A public hearing is then required, and at the end of 60 days the price goes into effect unless a maximum price for such commodity is established for such article. And my bill further provides that wage increases shall not be the basis for price increases on any article described above for a period of 6 months. I direct attention of the gentleman to section 504 in my title V as spelled out above.

Mr. PACE. But the point I am particularly interested in is can he put on wage controls without price controls, or can he put on price controls without wage controls? Must he have both if either goes on?

Mr. COLE of Kansas. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield.

Mr. COLE of Kansas. The gentleman's provision with reference to the wage-control board is not a fixing or freezing of wages, but it merely provides for a board which will permit the employer and employee to present their application for a wage increase and thus have it approved. Am I not correct in that statement?

Mr. DEANE. Yes, that is correct if that is the question the gentleman from Georgia is asking.

Mr. PACE. Then, if it is discretionary he could invoke the one without invoking the other? Do you think that is the situation?

Mr. DEANE. I will say to the gentleman from Georgia, that under the provisions in the bill, equity would certainly result by proper adjudication. The purpose of my bill is to stabilize both prices and wages and where increases are granted they would be granted in the best interests of the public and the great emergency we face.

Mr. PACE. The gentleman understands I am particularly interested from the agricultural viewpoint. If you are going to fix a ceiling price on an agricultural commodity and leave the producer helpless as to the wage he must pay to produce that commodity, it sometimes becomes disastrous.

Mr. DEANE. That would not be the case I assure the gentleman from Georgia. I think the gentleman would be interested in section 505 which provides that no maximum price for an agricultural commodity will be at any time below the parity price.

Mr. PACE. If the gentleman will pardon me, I do not think that would necessarily take care of the situation because we do now have parity prices which do not truly reflect the cost of production because the parity price, as the gentleman understands, does not entirely reflect the labor cost which enters into the cost of production.

Mr. DEANE. I appreciate the gentleman's contribution. My purpose in offering my bill to the Members of the House is to give the Members the benefit of my studies, as well as my reflection upon the statements made by Mr. Baruch, and the feeling as represented by the people throughout our country.

I am satisfied that the members of this Committee want a control bill to stabilize prices and prevent a wholesale increase in wages. It behooves us to think seriously of amending the committee bill.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. McKINNON].

Mr. McKINNON. Mr. Chairman, it is evident to everyone who has been reading the newspapers that we are engaged in two kinds of war. One is against the Reds in Korea and the other is against inflation here at home. If we lose either one of these wars we will lose our American system, our way of living. Therefore, it seems to me, our major problem is not only a matter of concern about the war in Korea, but also in seeing that we have adequate protection on the inflationary front here at home.

There have been charges made that this bill is too broad and is dangerous. I completely disagree. In fact, I do not think the bill goes far enough to accomplish what we need to whip this inflation at home. The bill before us does several good things. One is the allocation of materials, so that they can be used where necessary in the war effort. The surplus can then be channeled for essential civilian use so that large and small industries alike will have equal opportunities. It will prevent a few big business establishments from hoarding materials that are necessary for small-business men as well.

Another provision is to regulate credit. We know that in the next week or two we are going to be voting out some $16,000,000,000 for the war effort. That is a very inflationary pressure. We have got to siphon off some of that buying power in some way if we are going to hold our economy even. If we put $16,000,000,000 out for the war effort, then we have to take $16,000,000,000 back to hold things even. We have $40,000,000,000 in home mortgages, and another $20,000,000,000 in consumer credit. Through this section of controlling credits it enables the creditor to begin to tap off some of that consumer money so as to begin to balance the books and keep our economy stable. I do not think there is anything dangerous about that at all.

I have had a number of protests from real-estate people, protesting any credit curb at all on real estate, but I think the realtors have a stake in this war, the same as everybody else, and I think that they should make a sacrifice the same as everyone else. As good American citizens, they should stand up and be counted. What is so sacred about property, when you start drafting people and sending them off to war? If you are going to do that with a man's life, what is so unusual in doing something about property rights?

In these two powers there is nothing at all that will upset our economy. On the contrary, it will stabilize our economy.

The third provision helps finance small business and other industries in the war effort. We know that in every war there is concentration, a tending toward monopoly. Big ownerships and big money get control of many businesses and expand, to the detriment of the small-business man. This will help the small-business man keep in the swim, so that we can have a continuation of American system after the war is over. There is nothing unusual or dangerous about that. We have precedents for that many times over.

Those are three provisions that we have in this particular bill. The reason I say this bill is not broad enough: If you have been reading the newspapers and going shopping, you know that, regardless of what people may say about voluntary efforts, they simply are not working today in keeping prices where they should be. There is no reason why prices should be higher today than they were 4 or 5 weeks ago, but we know they are. Therefore, it seems to me that we must have a stand-by control—at least—for the President to use on prices and wages. Let us control prices and let us control wages.

The two go hand in hand. I would not want to separate one from the other. I would want to keep them right together, and I am pretty sure that labor will agree and I am pretty sure they would feel it is a fair bill if we have wage and price control together. I do not think we should go ahead with one without the other.

I do not think rationing should be in the bill. We have been telling the people for the past few weeks that there is no reason for them to hoard, that there is plenty of goods, that there is enough for everybody and a surplus. As soon as we put anything about rationing in the bill it is going to be a signal, so far as the public is concerned, for them to rush in and buy; it is going to be a tip-off that they had better go in right now and hoard all they can because rationing is going to be instituted in the near future. Therefore, if we have price control and wage control, but no rationing, it is going to be pretty good evidence to the people that we have been telling them is the fact, and I believe it is, that there is no reason for them to hoard. They would be foolish to do it anyway, for they would simply be raising the price. If the prices were going to be rolled back through the June 25 level, they would be hoarding at a cost of 10 to 15 percent above what it would cost them to wait until price control went into effect. To me it would be very foolish to go ahead with the rationing program, because it completely turns the tables on what we have been telling the people, that there is plenty of material. All we need is price control; we do not need rationing. Price control would be an encouragement for the people to hold back and wait until prices are rolled back, and their diminished panic buying would contribute to a reduction and stabilization of prices.

We are told that these controls are going to restrict our freedom. I would like to know what is freedom when you have to pay a dollar and a quarter for meat that is worth 90 cents a pound? Where is freedom when you pay 65 cents for 49-cent sugar, or when you pay $140 for lumber that is worth about $105.

When you put on these controls it is going to take the price-stabilization picture and put it in the hands of the American people to control through their President and through their Congress rather than placing it in the hands of a few hoarders and speculators who compel us to pay prices that are very unfair.

We have two great safeguards: One is in the very last section of the bill which states that the President by proclamation or the Congress by concurrent resolution can repeal this law at any time. The other is brought about by price and wage controls. So many express the fear that, once voted, we would never again get out from under controls. But they overlook the tremendous influence of business and labor. Both will join together in an effort to get these controls repealed when the time comes. If you have simply price control on the one hand and not wage control on the other there would be a big section of our society that would want controls retained; but when you have both together you are going to have a great section of America working together to repeal these controls when the emergency is passed. That is why I say this is a good bill except that it does not go quite far enough. I think price control and wage control should be coupled together rolled back to June 25 and inserted in

this bill. Then we would have a good bill.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield.

Mr. PACE. Does the gentleman have an amendment prepared to carry out his suggestions?

Mr. McKINNON. We will have such an amendment tomorrow.

Mr SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I am speaking on the pending bill with the conviction that we are now facing the gravest crisis of our national existence. I would not be fair with the House or with the country unless I were that frank in stating my appraisement of the present world situation.

I took very seriously the words before our Banking and Currency Committee of the Honorable W. Stuart Symington, Chairman of the National Security Resources Board, that we were fighting for our existence, for our survival; and it is that serious.

If we are to survive, we must sacrifice and sacrifice and sacrifice. No one anywhere in America can claim immunity. No individual at home can withhold the last ounce of sacrifice, when called upon, in any less measure than those who are summoned to arms and shipped to battlefields. No business, however large or however useful in normal times of peace, can escape the same test of sacrifice to the last ounce when that which has descended upon us is a struggle for survival.

What we have been discussing today has seemed to me, as I have listened to the learned and the brilliant debate that has been going on, was merely the breaking of toothpicks when ahead of us was a forest of trees. We have been talking about orthodox ways of handling business and credits as though there were anything orthodox about snatching young men from the peaceful activities of their preparatory years and fitting them to the pattern of war. Everyone knows that our soldiers, at this moment fighting heorically with their backs to the wall in Korea, are not living by the orthodox rules of social etiquette, dining with the knives and spoons on the right side and the forks on the left. If we waste time in this Chamber trying to explore ways of proceeding in a strictly orthodox manner with business it is clear we will be striking a fatal blow to the morale of our troops and of the country.

I do not know what controls will be needed tomorrow. I do know that when word goes out for total mobilization that means war. We do not want war if in honor it can be avoided. We are still hoping and praying and toiling for peace. The word from this Congress for total mobilization at this time would be tantamount to a declaration of war. War may be close—none of us can say. But we would only be drawing it closer when before we knew that it was necessary we took a step for total mobilization that in its very nature would be a gesture toward war.

I have been down here for a year and a half, and from the very first month I came here I have felt that over us were the clouds of war, that the Eighty-first Congress might go down in history as a war Congress. A year ago I went back to a meeting in the University of Chicago district of the Independent Voters of Illinois, a fine group of men and women, and I told them of my fears. Here we were, a Nation of men and women of peace and good will, with a program under point 4 for laying the foundations of a permanent peace by erasing from all the countries of a free and democratic world that poverty which is the cause of strife and wars. A program, too, here at home for erasing all unnecessary causes of unrest to the end that we might have for the gaze of all the world the example of a democratic people living harmoniously, contentedly and without discrimination in a happy land. Give us but 10 years of peace and we knew our objective could be reached and the permanent peace at last be achieved. But against us was not only a foreign power that refused to meet us on a basis of understanding but some of our own people, sincere and patriotic but refusing to get down from the dear old horse and buggy to take a look around in a modern world.

I have heard from this well about throwing money down the rat holes of Europe and throwing money down the rat hole of Korea. Last January when we had before us the little ECA bill for Korea, and it was defeated on this floor 192 to 191, the people there who believed in us, who thought we were sincere in holding out to them the hand of democratic fellowship, certainly were disillusioned, and the radio of the Communists made the most of it. In this well were used the words "just throwing money down the rat hole of Korea." If you had been a young man or young woman over in Korea and you had believed in America, then you read that in a debate some Member of the Congress of the United States had referred to your land as a rat hole, what would have been your reaction? Certainly the Communists made the most of it, certainly the words that had been used carelessly in this well—"rat hole of Korea"—were quoted over and over again by the Reds in Korea. Certainly those words—"rat hole of Korea"—were pounded into the ears of Koreans who had been loyal to us and who may be against us now because they lost faith in us, simply because of words carelessly said by men in the Congress with the high responsibility truly to reflect the sentiment of the American people.

I wish now to refer to the President. I am one of those old-fashioned Americans who has always believed in my President. It did not concern me whether he was a Democrat or a Republican, he was my President.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. SPENCE. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. O'HARA of Illinois. Mr. Chairman, when a man is sworn in as President of the United States he has reached the highest office and there can be but one thought in his mind, to leave for posterity the record of a good administration that his name will go down in the history of his land in glory. So I have always respected the President of the United States. I know that always he is giving to his country the best that is in him. I do not like to see in this hour of crisis, or at any time, anyone with the voice of partisanship questioning the ability, the sincerity, or the wisdom of the President of the United States.

President Truman has told us at this time there are certain controls he needs. He does not know what he is going to need tomorrow, but he said "at this time this is what I need, and if you give me this, I hope we can take care of the immediate situation, and more drastic measures will not be necessary.

I have faith in the President of the United States. I have abiding faith in President Truman.

If our young men are being called upon to die for their country, certainly every man who has money and who has it invested should be willing to sacrifice his interest and his advantage and every man who works should be willing to make similar sacrifices, provided always that he has positive assurance his employer can take no advantage of him. I am for an all-out control bill if this proves indeed to be, as is now feared, a war for survival in which every individual and every business must contribute his all, subject to the common benefit and the national security. When that time comes, if it does, I have the abiding faith that President Truman will ask of us and will receive the full authority necessary to be vested to him to meet any emergency.

I have given much consideration and long thought as to what should be my course and my vote as one Member of the Congress and I am not ashamed to say I have given it prayer because I do not believe that any man with the responsibility that is upon everyone of us in this Chamber now at this most critical hour in our history should be ashamed to say that at night he goes to the fountain head of all wisdom for guidance. And I did that. So, I am going to vote tomorrow for the bill that contains just the powers that our President is now asking. I am going to trust in the wisdom of the President of the United States and I am going to trust that the wisdom of a higher wisdom will be visited upon him in guiding our country through in safety.

Mr. Chairman, I yield back the remainder of my time.

Mr. GAMBLE. Mr. Chairman, I yield 10 minutes to the gentlewoman from Ohio [Mrs. BOLTON].

Mrs. BOLTON of Ohio. Mr. Chairman, during the hours that we have been debating this bill, a good many very important things have happened. This afternoon at 3 o'clock the Security Council of the United Nations was called together by Jacob Malik of the U. S. S. R. His demand, and I heard some of it and saw some of it over the television upstairs, was that the Communist China delegate should be seated instead of the man who now represents Nationalist China in the Security Council, whom he refuses to recognize. Until today, as you all know,

the U. S. S. R. had withdrawn, they were not turned away, but they withdrew from the councils of the United Nations. There has been no suggestion that the door would be closed to them at any point. The chair is there for them to occupy.

Now, in the regular rotation of the chairmanship the U. S. S. R. has the chairmanship during August of the Security Council. Naturally all the members of the United Nations are very deeply concerned as to what the outcome will be, what will be attempted through that chairmanship to annul any acts of the free nations of the United Nations.

At noontime, here in this House, we received and heard the speech of the very brilliant Prime Minister of Australia. We of the Committee on Foreign Affairs were included in a luncheon given by the Foreign Relations Committee of the Senate. We heard him a second time speaking very intimately of the friendly relations that exist between his nation and ours. He spoke of the fact that they sent their fighters over immediately to Korea. Other nations have followed suit, and, as you know well, we now have offers of ground troops from Thailand, from Turkey, and from many others. I have not seen the full list as of today. We had destroyers from Canada. We are to have troops from New Zealand. We are to have various assistance, because it is a United Nations project.

What that means is that the United Nations has become an active military force, not just a group where discussions take place. That is of very great moment in the history of our civilization.

We must take our leadership seriously. To take it seriously we must retain our strength, our morale, and our right to leadership, which we must earn every day of our lives. Nothing is static.

This legislation has come before us with great speed. It has been said that it has been very well considered. To my knowledge, and I have made considerable inquiry, there were three witnesses heard. They were all Government witnesses. The people of this country directly or through their Representatives have not been heard. Nor have the people of this country been reminded of the presidential powers that already exist in the Selective Service Act. It seems to me they have a right to be told, to be made aware. Without proper consideration, Mr. Chairman, we can unintentionally face many hardships on millions of our people and upon thousands of small businesses.

Our people everywhere appreciate the fact that it is very deeply ingrained in all our hearts, that we are going into a long period of difficult times. We are agreed there must be controls but they must be protective controls, not destructive controls.

Surely we all remember how often we asked: "Why did we not have the sense, the judgment, the wisdom to freeze everything the day after Pearl Harbor day, December 8, 1941? Then everybody would have been in exactly the same boat and decisions could have been made with quiet judgment."

That was the wisdom of hindsight. What has become of it?

I should like to recommend to us all the need for some of the hindsight that we heard a good deal about a number of years after Pearl Harbor. To put it in a few words, "why did we not have the sense, the judgment, the wisdom, to freeze everything on ———?"

Mr. Chairman, I ask why that could not be done in connection with whatever bill is passed here. If the House decides to give stand-by powers to the President, why could it not add a freezing provision until it is decided what those powers should be. We should not lay our people open again to some of the mistakes control-wise which we made during World War II. You recall that we had rationing of meat and various other products, and price controls which were put on partially here and in full there and completely confused the whole situation. I feel, as I am sure all of you do, that controls must be, but I want them very carefully considered.

There is no question in my mind but that if this legislation rolls through at the speed with which it is now intended, we shall find the same inequities and mistakes written into it from which we have already suffered. Hindsight should have taught us to give more time to developing an adequate, just, and constructive program.

Every single American in every walk of life, and every stranger within our gates, will have to live under the controls that will be put on through this legislation. Certainly this Congress should take time to give adequate consideration to this far-reaching measure.

Like many others of you, I have not made up my mind whether I shall vote for this, that, or the other. We do not know what will be the final outcome of the amendments and the substitutes, and the intricate parliamentary procedures which will undoubtedly take place here tomorrow.

But I most earnestly hope, Mr. Chairman, that in consideration of all the matters which are put before us, we will do everything in our power to give time for adequate consideration—time to make the people of this country aware of what lies before them; time to make the Members of the House of Representatives aware of what lies before us all. It is so desperate—this, that lies before us—because in our hands and possibly in the solution that we make of the complex problems of controls may lie the future of mankind. If we do it wrong because of too great haste and this country is not able to sustain the program it must assume and sustain if it is to continue to have the leadership among the free nations of the world, then indeed do we jeopardize freedom everywhere.

Mr. SPENCE. Mr. Chairman, we have no further requests for time.

Mr. GAMBLE. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act, divided into titles, may be cited as the "Defense Production Act of 1950."

TABLE OF CONTENTS

Title I. Priorities and allocations.
Title II. Authority to requisition.
Title III. Expansion of productive capacity and supply.
Title IV. Control of credit and commodity speculation.
Title V. General provisions.

Mr. KUNKEL. Mr. Chairman, I offer an amendment, incorporating the change I outlined in my remarks.

The Clerk read as follows:

Amendment offered by Mr. KUNKEL: Strike out the committee amendment appearing on pages 28 to 55, inclusive, and insert the following:

TITLE I—SHORT TITLE, PURPOSES OF ACT, DEFINITIONS, AND OFFICE OF INFLATION CONTROL

SHORT TITLE

SECTION 1. This act may be cited as the "Emergency Inflation Control and Defense Production Act."

DECLARATION OF POLICY AND PURPOSES OF ACT

SEC. 2. It is hereby declared that it is in the interest of the national defense and security and the purposes of title II are (a) to preserve the value of the national currency against the consequences of price and credit inflation; (b) to stabilize prices, wages, and salaries and to prevent speculative, unwarranted, and abnormal increases therein; (c) to prevent economic disturbances, labor disputes, burdens upon interstate and foreign commerce, interference with the effective use of the Nation's resources for defense, and impairment of national unity and morale, which would result from unwarranted increases in prices, wages, salaries, and the cost of living; (d) to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; (e) to prevent prospects of increases in prices, wages, and salaries from encouraging the accumulation and hoarding of materials needed for national defense, and from impending long-term commitments for production; (f) to assure that defense appropriations are not dissipated by excessive prices, wages, and salaries; (g) to obtain the maximum necessary production without undue profits to low-cost producers; (h) to protect persons with relatively fixed incomes, investors, and persons dependent on life insurance, annuities, and pensions, from undue impairment of their standard of living; (i) to prevent a post-emergency collapse of values, and the reappearance of price and cost disparities for farmers and other primary producers; and (j) to provide procedures for administration and review which will fairly protect the interests of those subject to this act, without endangering the dominant public interest in the accomplishment of the foregoing purposes.

It is further declared that it is necessary for the national defense and security, and to accomplish the objectives of this act that if the price and supply controls are invoked by the President, the wage controls authorized hereunder shall simultaneously be put into effect. It is further declared to be the policy of this act that all of the controls provided hereunder for the control of costs, including prices, wages, rationing, allocations, and limitations, shall, insofar as practicable, be put into effect at the same time so that, for a period at least, there will be a general ceiling over the economy and a period of general stabilization during which it will be possible to determine with reasonable accuracy in what areas the continuation of controls is necessary and in what areas controls may safely be released.

To enable the Government to provide for the national defense and to carry out our foreign commitments made in conformity with

the Charter of the United Nations and other foreign commitments, certain materials and facilities must be diverted from civilian use to military purposes and productive facilities must be expanded beyond the levels needed to met the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected. It is the objective of titles III, IV, and V to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by such titles in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the armed forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use.

DEFINITIONS

SEC. 3. For the purposes of this title and title II—

(a) "Person" means an individual, partnership, association, corporation, business trust, or any organized group of persons, or any receiver, trustee, or other legal representative of any of the foregoing, and includes the United States, any State or political subdivision thereof, or any Territory, District, or possession of the United States.

(b) "Article" means any article, product, material or commodity.

(c) "Services" means any service, operation, or function performed otherwise than as an employee by a person (other than a State or political subdivision thereof) for any other person for compensation.

(d) "Labor" means any function performed by an individual as an employee of a person other than a State or political subdivision thereof.

(e) An article shall be deemed the "same" article as another article if it is identical in every respect with such other article.

(f) An article shall be deemed "similar" to another article if it is not the same article but is an article of the same kind and of the same or substantially the same quality as such other article.

(g) An article shall be deemed a "new" article if neither the same article nor a similar article was sold at wholesale during the base period.

(h) Services shall be deemed the "same" services as other services if they consist of the same or substantially the same operations or functions as such other services.

(i) Services shall be deemed "new" services if the same services were not performed during the base period.

(j) Labor shall be deemed the "same" labor as other labor if it consists of the same or substantially the same functions and duties of the same or substantially the same functions and duties as such other labor.

(k) Labor shall be deemed "new" labor if the same labor was not performed during the base period.

(l) "Sale" means any disposition, exchange, lease, or other transfer, or any contract to do any of the foregoing, and "sell," "selling," "seller," "buy," and "buyer," shall be construed accordingly.

(m) "Sale at wholesale" of an article means (1) any sale of such article for resale by the buyer, or (2) in the case of a sale by the manufacturer, producer, or importer of such article for consumption or use by the buyer, such sale by the manufacturer, producer, or importer; except that wherever specific reference is made to a "sale at wholesale of an agricultural commodity," such sale shall be deemed to refer only to a sale of such commodity by the farmer who produced such commodity.

(n) "Price" means the consideration received or receivable in connection with the sale of an article or for the performance of services.

(o) "Wage" means the rate of consideration received or receivable for the performance of labor, whether in the form of wages, salary, or any other form.

(p) "Ceiling" means the maximum price for which an article may be sold or which may be received for the performance of services, or the maximum wage which may be paid for labor.

(q) "Agricultural commodity" includes only an agricultural commodity in the form in which it is customarily marketed by farmers.

(r) "Base period" means the period June 10, 1950, to June 25, 1950, both inclusive.

(s) "Comparable" means substantially the same real, utility, and neighborhood value.

(t) "Administrator" means the Administrator of the Office of Inflation Control created by section 4.

ADMINISTRATOR OF OFFICE OF INFLATION CONTROL

SEC. 4. (a) The President is hereby authorized to create in the Executive Office of the President an Office of Inflation Control, which shall be under the direction of an Administrator, to be known as the Administrator of the Office of Inflation Control (in this act referred to as the "Administrator"). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and receive compensation at the rate of $17,500 a year.

(b) The Administrator may establish and utilize such advisory, regional, local, industry, or other groups or agencies, and utilize such voluntary and uncompensated service, as may from time to time be needed. The Administrator shall give due consideration to the recommendations of such groups, committees, or other agencies appointed under this section, and he shall utilize, insofar as practicable, local agencies to the end that compliance with the act may be effectuated.

(c) The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary in order to carry out his functions and duties under this title and title II, and shall fix their compensation in accordance with the Classification Act of 1949, as amended. Attorneys appointed under this section may appear for and represent the Administrator in any case in any court. In the appointment, selection, classification, and promotion of officers and employees of the Office of Inflation Control, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

(d) The principal office of the Administrator shall be in the District of Columbia, but he or his duly authorized representative may exercise any or all of his powers in any place.

(e) The Administrator shall submit to Congress a quarterly report covering his activities for the preceding quarter and including such information and data, and recommendations with respect to matters covered by this title and title II as he may find advisable.

(f) The Administrator with the approval of the President may delegate any power or authority conferred upon him by this act to any officer or agency of the Federal Government and may authorize such redelegations by that officer or agency as he may deem appropriate.

TITLE II—PRICE AND WAGE CEILINGS

PROHIBITED ACTS

SEC. 201. (a) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to sell or deliver, or to buy or accept delivery of, any article at a price in excess of the ceiling applicable to such sale.

(b) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to receive or pay, or to enter into any contract, agreement, or other obligation under which he is entitled or required, or under which he purports to be entitled or required, to receive or pay, for the performance of any services a price in excess of the ceiling applicable to such services.

(c) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to pay for any labor a wage in excess of the ceiling applicable in respect of such labor.

CEILINGS APPLICABLE TO SALES OF ARTICLES

SEC. 202. (a) Except as provided in subsection (b) and section 205, the ceiling applicable to the sale of an article by any person shall be—

(1) in case the sale is at wholesale and the article is the same article as an article sold at wholesale by such person during the base period, the highest price at which it was so sold by such person during the base period;

(2) in case the sale is at wholesale and the article is not the same article as an article sold at wholesale by such person during the base period, but is similar to an article so sold by such person during the base period, the highest price at which such similar article was so sold by such person during the base period;

(3) in case the sale is at wholesale and the article is not the same article as, nor an article similar to, an article sold at wholesale by such person during the base period, the highest price at which the same article was regularly so sold by any other person during the base period, or if the same article was not regularly so sold by any other person during the base period, the highest price at which a similar article was regularly so sold by any other person during the base period;

(4) in the case of any article to the sale of which paragraph (1), (2), or (3) is applicable, such ceiling as the Administrator may prescribe pursuant to section 206. Any such ceiling so prescribed shall be in lieu of the ceiling applicable under such paragraph; and

(5) in the case of a new article, and in the case of any article to the sale of which paragraph (1), (2), (3), or (4) is not applicable, such ceiling as the Administrator may prescribe pursuant to section 206.

(b) The ceiling applicable to the sale at wholesale of an agricultural commodity shall in no case be less than the parity price therefor, as determined and published by the Secretary of Agriculture in accordance with other provisions of law.

CEILINGS APPLICABLE TO SERVICES

SEC. 203. Except as provided in section 205, the ceiling applicable to services performed by any person shall be—

(1) in case such services are the same services as services performed by such person during the base period, the highest price for which such services were so performed by such person during the base period; and

(2) in case such services are not the same services as services performed by such person during the base period (or in case such person did not perform any services during the base period), the highest price for which the same services were regularly performed by any other person within the same county or parish, or within the same State if there be no such other person within the same county or parish, during the base period;

(3) in the case of any services to which paragraph (1) or (2) is applicable, such ceiling as the Administrator may prescribe pursuant to section 206. The ceiling so prescribed shall be in lieu of the ceiling applica-

ble to such services under such paragraph; and

(4) in the case of new services and in the case of services to which paragraph (1), (2), or (3) is not applicable, such ceiling as the Administrator may prescribe pursuant to section 206.

CEILINGS APPLICABLE TO WAGES AND SALARIES

SEC. 204. (a) Except as provided in subsection (b) and section 205, the ceiling applicable in respect of labor performed by an individual shall be—

(1) in case such labor is the same labor as labor performed, whether or not by him, for his employer during the base period, the highest wage paid by his employer during the base period, at the place of employment where such individual is employed, for the same labor to an employe with the same seniority rights and length of service;

(2) in case the same labor was not performed either by him or any other employee, for his employer during the base period, at the place of employment where such individual is employed, the highest wage paid for the same labor by any other employer within the same county or parish, or within the same State, if there be no such other employer within the same county or parish, during the base period to an employee with the same seniority rights and length of service;

(3) in the case of any labor in respect of which paragraph (1) or (2) is applicable, such ceiling as the Administrator may prescribe pursuant to section 206. Any such ceiling so prescribed shall be in lieu of the ceiling applicable in respect of such labor under such paragraph; and

(4) in case such labor is new labor, and in the case of labor to which paragraph (1), (2), or (3) is not applicable, such ceiling as the Administrator may prescribe pursuant to section 206.

(b) The ceiling applicable in respect of any labor shall in no case be less than the minimum compensation prescribed therefor in or pursuant to any law of the United States, or of any State or political subdivision thereof, or of any Territory, District, or possession of the United States.

EXEMPTIONS

SEC. 205. The Administrator may by regulation or order exempt from the provisions of sections 202, 203, and 204 articles, services, and labor, with respect to which he makes a finding of fact that—

(1) such exemption is necessary in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended; or

(2) it is unnecessary that ceilings be applicable to such articles, services, or labor in order to preserve the Nation's price structure and to prevent a rise in the cost of living.

POWERS OF ADMINISTRATOR WITH RESPECT TO CEILINGS

SEC. 206. (a) Whenever the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this title, he shall by regulation or order establish such ceiling or ceilings as in his judgment will be generally fair and equitable to buyers and sellers of the article or articles in question, or to the person or persons performing the services in question and the person or persons for whom they are performed, or to the employees and employer or employers in question, as the case may be, and will effectuate the purposes of this title. So far as practicable, in establishing a ceiling for any specified articles, services, or labor the Administrator shall ascertain and give due consideration to the prices prevailing for such article or services, or the wages prevailing for such labor, as the case may be, during the base period, and shall make adjustments for such relevant factors as he may determine to be of general applicability in respect of such article, services, or wages, including the following: Speculative fluctuations, general increases or decreases in costs of transportation, general increase or decrease in cost of maintenance and operation, general increases or decreases in costs of living, and general increases or decreases in profits earned by sellers of the article, persons performing such services, and employers for whom such labor is performed, during and subsequent to the year ending June 25, 1950. Every regulation or order establishing any ceiling under this subsection shall be accompanied by a statement of the considerations involved in the issuance of such regulation or order.

(b) Any ceiling or ceilings may be established under this section in such form and manner, may contain such classifications and differentiations, and may provide for the continuation of models, the standardization of the production of essential items and such other provisions and adjustments, as in the judgment of the Administrator are necessary or proper in order to effectuate the purposes of this title. Any such ceiling may be established in terms of price, wages, margins, commissions, fees, charges, allowances, or other terms. Except as provided in section 202 (b) (relating to agricultural commodities) the Administrator may establish a ceiling or ceilings under this section with respect to articles and services below the general market price for the article or articles or services in effect at the time of establishment of such ceiling or ceilings.

(c) The Administrator shall exercise his powers under subsections (a) and (b) with respect to agricultural commodities, and with respect to articles derived in whole or in substantial part from agricultural commodities, in such manner as to support prices to farmers for such agricultural commodities at such levels as may be necessary to enable farmers to receive therefor the highest price received in the base period or the parity price for such commodities, whichever is higher.

POWERS OF ADMINISTRATOR WITH RESPECT TO MARKET PRACTICES

SEC. 207. Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit, with respect to any article, speculative or manipulative practices, selling, marketing, or inventory practices (including practices relating to changes in form or quality, hoarding, or other practices, which in his judgment, are equivalent to or are likely to result in price increases inconsistent with the purposes of this title.

PROCEDURE

SEC. 208. (a) Regulations or orders establishing any ceiling or ceilings may be issued after such inquiry as the Administrator deems necessary or proper. Within a period of 60 days after the issuance of any such regulation or order any person subject to the provisions thereof may, in accordance with regulations to be prescribed by the Administrator, file a protest specifically setting forth objections to such regulation or order and affidavits or other written evidence in support of such objections. At any time after the expiration of such 60 days any person subject to the provisions of such regulation or order may file such a protest based solely on grounds arising after the expiration of such 60 days. Within a reasonable time after the filing of any protest under this subsection, but in no event more than 30 days after such filing or 90 days after the issuance of the regulation or order in respect of which the protest is filed, whichever occurs later, the Administrator shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith.

(b) In any proceedings under this title the Administrator may take official notice of economic and other facts, including facts found by him as a result of action taken under section 210, and may limit such proceedings to the filing of affidavits or other written evidence, or the filing of briefs.

REVIEW

SEC. 209. (a) Any protestant who is aggrieved by the denial or partial denial of his protest, may, within 30 days after such denial, file a complaint with the Emergency Court of Appeals, praying that the regulation or order protested be set aside in whole or in part. A copy of such complaint shall forthwith be served on the Administrator who shall certify and file with such court a transcript of the proceedings in connection with the protest which shall include a statement of the materials of which the Administrator has taken official notice. Upon the filing of such transcript the court shall have exclusive jurisdiction to affirm or set aside such regulation or order, in whole or in part, or to remand the proceeding, except that the regulation or order may be modified or rescinded by the Administrator at any time notwithstanding the pendency of such complaint. No objection to any regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the Administrator and not admitted, or which could not reasonably have been offered to the Administrator, and the court determines that such evidence is material, the court shall order the evidence to be presented to the Administrator. The Administrator shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof, and any modification made in the regulation or order as a result thereof, except that on request by the Administrator, any such additional evidence may be presented directly to the court.

(b) No such regulation or order shall be set aside in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court setting aside in whole or in part any such regulation or order shall be postponed until the expiration of 30 days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (c) within such 30 days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) Within 30 days after entry of a judgment, interlocutory or final, by the Emergency Court of Appeals a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 1254 of title 28 of the United States Code. The Supreme Court shall expedite the disposition of all causes

filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any celling under this title, and the provisions of this title authorizing any regulation or order establishing any ceiling. Except as provided in this section, no court, Federal, State, or Territorial, shall have power to consider such validity, or to stay, restrain, enjoin, or set aside, in whole or in part, any such provision of this title, or any provision of this title, or any provision of any such regulation or order.

OBTAINING INFORMATION

SEC. 210. (a) The Administrator may make such studies and investigations, and obtain or require the furnishing of such information under oath or affirmation or otherwise, as he deems necessary or proper to assist him in prescribing any regulation or order under this title, and in the administration and enforcement of this title, and regulations and orders thereunder. For such purposes the Administrator may administer oaths and affirmations, may require by subpena or otherwise the attendance and testimony of witnesses and the production of documents at any designated place, may require persons to permit the inspection and copying of documents, and the inspection of inventories, and may, by regulation or order, require the making and keeping of records and other documents and the making of reports. No person shall be excused from complying with any requirement under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (49 U. S. C., sec. 46), shall apply with respect to any individual who specifically claims such privilege.

(b) The Administrator shall not publish or disclose any information obtained under this title that he deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information unless he determines that the withholding thereof is contrary to the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended.

(c) The production of a person's documents at any place other than his place of business shall not be required under this section in any case in which, prior to the return date specified in the subpena issued with respect thereto, such person either has furnished the Administrator with a copy of such documents (certified by such person under oath to be a true and correct copy), or has entered into a stipulation with the Administrator as to the information contained in such documents.

REGULATIONS AND ORDERS

SEC. 211. The Administrator may, from time to time, issue such regulations and orders as he may deem necessary or proper in order to carry out the purposes and provisions of this title, and to prevent the circumvention or evasion thereof. Any regulation or order issued under this title may be amended or rescinded by the Administrator whenever in his opinion such action is necessary or proper in order to carry out the provisions of this title or to prevent the circumvention or evasion thereof.

ENFORCEMENT

SEC. 212. (a) Whenever in the judgment of the Administrator any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of this title, or any regulation, order, or requirement thereunder, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with this title or such regulation, order, or requirement, and upon a proper showing a permanent or temporary injunction, restraining order, or other order shall be granted without bond. In cases of actual controversy, a like application may be made by any interested person, and upon a proper showing a like order or decree shall be granted.

(b) Any person who willfully violates any provision of this title or any regulation, order, or requirement thereunder, and any person who willfully falsifies in any material respect a document or report required to be kept or filed thereunder, shall, upon conviction thereof, be fined not more than $5,000, or imprisoned for not more than 1 year, or both. Whenever the Administrator has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) The district courts shall have jurisdiction of violations of this title and of regulations, orders, or requirements thereunder, and concurrently with State and Territorial courts, of all civil proceedings to enforce any liability or duty created by, or to enjoin any violation of, this title or any regulation, order, or requirement thereunder. Such civil proceedings and any criminal proceedings may be brought in any district in which any act or transaction constituting the violation occurred. Any such civil proceedings may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. No costs shall be assessed against the United States Government in any proceeding under this title.

(d) No person shall be held liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of anything done or omitted to be done in good faith pursuant to any provision of this title or any regulation, order, or requirement thereunder, notwithstanding that subsequently such provision, regulation, order, or requirement may be modified, rescinded, or determined to be invalid. The Administrator may intervene in any suit or action wherein a party relies for ground of relief or defense upon this title or any regulation, order, or requirement thereunder.

SEC. 213. The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, or changes in established rental practices, except where such action is affirmatively found by the Administrator to be necessary to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this title.

SEC. 214. Nothing in this title shall be construed to authorize the regulation of (1) rates charged by any common carrier or other public utility except where such action is affirmatively found necessary to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this title, or (2) rates charged by any person engaged in the business of selling or underwriting insurance, or (3) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting station, or (4) rates charged for any professional services.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be related to efforts or undertakings on the part of the United States or an agency thereof in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations, as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the armed forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended.

SEC. 302. To assist in carrying out the objectives of this Act, the President may make provisions for loans (including participations in, or guarantees of, loans) to private business enterprises for the expansion of capacity, the development of technological processes, or the production of essential materials. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

(b) Purchases and commitments to purchase and sales under subsection (a) may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the armed forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

(b) Any corporation created under this section—

(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said act.

(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out its functions under this title: *Provided,* That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation.

SEC. 305. In order to aid the Government of the United States in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the armed forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1940, as amended, the Reconstruction Finance Corporation is authorized—

(1) with the approval of the President, to create or organize a corporation or corporations, with power (a) to produce, acquire, carry, sell, or otherwise deal in strategic and critical materials as defined by the President; (b) to purchase and lease land, purchase, lease, build, and expand plants, and purchase and produce equipment, facilities, machinery, materials, and supplies for the manufacture of strategic and critical materials, arms, ammunition, and implements of war, and such other articles, equipment, supplies, and materials as may be required in the manufacture or use of any of the foregoing or otherwise necessary in connection therewith; (c) to lease, sell, or otherwise dispose of such land, plants, facilities, and machinery to others to engage in such manufacture; (d) to purchase, lease, build, expand, or otherwise acquire facilities for the training of aviators and to operate or lease, sell, or otherwise dispose of such facilities to others to engage in such training: *Provided,* That nothing in this section shall be construed to authorize the Corporation to take any action, directly or indirectly, with respect to the proposals heretofore considered by the Congress and known as the Great Lakes-St. Lawrence seaway, Passamaquoddy, Fla., ship canal, and Tombigbee River projects, or to the project known as the Nicaragua Canal. The powers of every corporation hereafter created or organized under this section shall be set out in a charter which shall be valid only when certified copies thereof are filed with the Secretary of the Senate and the Clerk of the House of Representatives and published in the Federal Register, and all amendments to such charters shall be valid only when similarly filed and published. No corporation created or organized by the Corporation pursuant to this section shall have succession beyond March 31, 1951, except for purposes of liquidation, unless the life of such corporation is extended beyond such date pursuant to an act of Congress. The Corporation may make loans to, or purchase the capital stock of, any such corporation for any purpose within the powers of the Corporation as above set forth in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended, on such terms and conditions as the Corporation may determine.

(2) to acquire real estate and any right or interest therein by purchase, lease, condemnation, or otherwise, determined by the Corporation to be necessary or advantageous to the carrying out of any authority vested in any corporation created or organized pursuant to this section. The Corporation is also authorized to sell, lease, or otherwise dispose of any such real estate. Proceedings for such condemnation shall be instituted in the name of the United States pursuant to the provisions of the act approved August 1, 1888 (25 Stat. 357), as amended, and any real estate already devoted to public use which would be subject to condemnation in proceedings instituted upon application of any officer of the Government shall likewise be subject to condemnation in proceedings instituted upon application of the Corporation as herein provided. Sections 1, 2, and 4, of the act approved February 26, 1931 (46 Stat. 1421), as amended, shall be applicable in any such proceeding. Any judgment rendered against the United States in any such proceeding shall promptly be paid by the Corporation. Immediately upon the vesting of title in the United States of America in any such proceeding, the Secretary of Commerce, by deed executed by him in the name of the United States of America, shall transfer the entire title or interest so acquired to the Corporation, and the Corporation shall thereupon have the sime right with respect to any real estate so acquired as it has with respect to real estate acquired by purchase. No proceedings for condemnation in pursuance of this section instituted prior to the termination of this act shall abate by reason thereof.

TITLE IV—CONTROL OF CREDIT

SEC. 401. (a) To assist in carrying out the purposes of this act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this title or to prevent evasion thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider among other factors, (1) the level and trend of consumer credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

(b) No person shall extend or maintain any consumer credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any such credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any such credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any such credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require

as necessary or appropriate in order to effectuate the purposes of this title; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) Any person who willfully violates any provision of this title or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

(d) To assist in carrying out the purposes of this title, the President by regulation may require transactions or persons or classes thereof subject to this title to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this title or any regulation prescribed by the President pursuant to this title. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that act. In carrying out this title, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(e) For the purposes of this title, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms, insofar as any such definitions are not inconsistent with the provisions of this title, and, in like manner, may define technical, trade, and accounting terms:

(1) "Consumer credit" means credit which the obligor undertakes to pay in two or more payments: *Provided,* That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any acessory, insurance, or service connected with any such goods or any interest therein, (iv) credit secured, either wholly or partly, by real property, (v) credit for the purpose of purchasing or carrying real property or constructing buildings or otherwise improving real property, or (vi) credit involving a right to acquire or use real property. As used in this paragraph the term "real property" includes leasehold and other interests therein.

(2) "Person," in addition to the definition given it by section 602 (a) of this act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the criminal penalties of this title shall not be applicable to the United States, any State, or other governmental agency or instrumentality.

SEC. 402. In the exercise of powers under this title, the President shall give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

TITLE V—PRIORITIES, ALLOCATIONS, RATIONING, AND REQUISITIONS

SEC. 501. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended, shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended, and this power to allocate includes power to ration consumer goods at the retail level to prevent undue price rises and to secure equitable distribution.

SEC. 502. Any person who willfully performs an act prohibited, or willfully fails to perform any act required, by the provisions of section 501 or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than 1 year, or both.

SEC. 503. Whenever the President determines (1) that the use of any article or commodity is needed in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that he has been unable to acquire such article or commodity or the use thereof, as the case may be, on fair and reasonable terms, he is authorized to requisition such article or commodity or the use thereof in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended, upon the payment of just compensation for such article or commodity or the use thereof, to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any article or commodity or the use thereof requisitioned pursuant to this section but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such article or commodity or the use thereof, he shall promptly be paid 75 percent of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district court of the United States within 3 years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation. Whenever the need for the national defense of any article or commodity requisitioned under this section shall terminate, the President may dispose of such article or commodity on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any article or commodity so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided,* That this opportunity to reaquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

TITLE VI—GENERAL PROVISIONS

SEC. 601. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this act;

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations or orders, or amendments thereto, issued under authority of this act, and in their formation consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this title and titles III, IV, and V, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this act; and

(iv) in administering this act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

SEC. 602. As used in this title and titles III, IV, and V—

(a) The word "person" shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

SEC. 603. The President may delegate any power or authority conferred upon him by this act to any officer or agency of the Government and may authorize such redelegations by that officer or agency as the President may deem appropriate. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 607 (g) of the Federal Employees Pay Act of 1945, as amended (5 U. S. C., sec. 947 (g)), as the President deems necessary to carry out the provisions of this act.

SEC. 604. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of titles III, IV, and V. Any such regulation or order may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of such titles.

SEC. 605. (a) The President shall be entitled, while this act is in effect and for a period of 2 years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports, and the keeping of such records by, make such inspection of the books, records, and other writings, premises, or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this title and titles I, II, IV, and V, and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this title and titles III, IV, and V on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided*, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended.

SEC. 606. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title and titles III, IV, and V, or any rule, regulation, order, or subpena thereunder, and of all civil actions under such titles to enforce any liability or duty created by, or to enjoin any violation of, such titles or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any such title, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this title or titles III, IV, or V.

SEC. 607. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to title V, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under ttitle V or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 608. (a) No act or omission to act which occurs while this act is in effect, if requested by the President and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General not less than 10 days before making any request or finding thereunder.

(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 609. The functions exercised under this act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

SEC. 610. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this title and titles III, IV, and V, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that act.

(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U. S. C., sec. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

SEC. 611. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions of this act by the President and such agencies as he may designate or create. Funds made available for the purposes of this title and titles III, IV, and V may be allocated or transferred for any of such purposes with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out such titles. Funds so allocated or transferred shall remain available for such period as may be specified in the acts making such funds available.

SEC. 612. If any provision of this act or the application thereof to any person or circumstances is held invalid, the remainder of the act and the application of such provision to other persons and circumstances shall not be affected thereby.

SEC. 613. This act and all authority conferred hereunder shall terminate March 31, 1951, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate.

Mr. SPENCE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SMITH of Virginia, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 9176, had come to no resolution thereon.

GENERAL LEAVE TO EXTEND REMARKS

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the bill H. R. 9176.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

SOCIAL SECURITY LEGISLATION

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the conferees on the social security bill may have until midnight tonight to file a conference report.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 2771)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6000) to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public assistance and child wel-

fare provisions of the Social Security Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recomend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That this Act, with the following table of contents, may be cited as the 'Social Security Act Amendments of 1950'.

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	202 (b)	Wife's Insurance Benefits.
	202 (c)	Husband's Insurance Benefits.
	202 (d)	Child's Insurance Benefits.
	202 (e)	Widow's Insurance Benefits.
	202 (f)	Widower's Insurance Benefits.
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101 (a)	202	OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS—Continued
	202 (i)	Lump-Sum Death Payments.
	202 (j)	Application for Monthly Insurance Benefits.
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101 (b)		Effective Date of Amendment Made by Subsection (a).
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102 (a)		MAXIMUM BENEFITS.
	203	REDUCTION OF INSURANCE BENEFITS.
	203 (a)	Maximum Benefits.
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	203 (d)	Occurrence of More Than One Event.
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81ST CONGRESS
2D SESSION

H. R. 9308

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 1950

Mr. KUNKEL introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To protect the national safety and security from the consequences of price and credit inflation, to facilitate the production of goods and services necessary for the national defense, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—SHORT TITLE, PURPOSES OF ACT, DEFINITIONS, AND OFFICE OF INFLATION CONTROL

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Inflation Control and Defense Production Act".

DECLARATION OF POLICY AND PURPOSES OF ACT

SEC. 2. It is hereby declared that it is in the interest of the national defense and security and the purposes of title II are (a) to preserve the value of the national currency against the consequences of price and credit inflation; (b) to stabilize prices, wages, and salaries and to prevent speculative, unwarranted, and abnormal increases therein; (c) to prevent economic disturbances, labor disputes, burdens upon interstate and foreign commerce, interference with the effective use of the Nation's resources for defense, and impairment of national unity and morale, which would result from unwarranted increases in prices, wages, salaries, and the cost of living; (d) to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; (e) to prevent prospects of increases in prices, wages, and salaries from encouraging the accumulation and hoarding of materials needed for national defense, and from impending long-term commitments for production; (f) to assure that defense appropriations are not dissipated by excessive prices, wages, and salaries; (g) to obtain the maximum necessary production without undue profits to low-cost producers; (h) to protect persons with relatively fixed incomes, investors, and persons dependent on life insurance, annuities, and pen-

sions, from undue impairment of their standard of living; (i) to prevent a post-emergency collapse of values, and the reappearance of price and cost disparities for farmers and other primary producers; and (j) to provide procedures for administration and review which will fairly protect the interests of those subject to this Act, without endangering the dominant public interest in the accomplishment of the foregoing purposes.

It is further declared that it is necessary for the national defense and security, and to accomplish the objectives of this Act that if the price and supply controls are invoked by the President, the wage controls authorized hereunder shall simultaneously be put into effect. It is further declared to be the policy of this Act that all of the controls provided hereunder for the control of costs, including prices, wages, rationing, allocations, and limitations, shall, insofar as practicable, be put into effect at the same time so that, for a period at least, there will be a general ceiling over the economy and a period of general stabilization during which it will be possible to determine with reasonable accuracy in what areas the continuation of controls is necessary and in what areas controls may safely be released.

To enable the Government to provide for the national defense and to carry out our foreign commitments made in conformity with the Charter of the United Nations and

other foreign commitments, certain materials and facilities must be diverted from civilian use to military purposes and productive facilities must be expanded beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected. It is the objective of titles III, IV, and V to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by such titles in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use.

DEFINITIONS

SEC. 3. For the purposes of this title and title II—

(a) "Person" means an individual, partnership, associa-

tion, corporation, business trust, or any organized group of persons, or any receiver, trustee, or other legal representative of any of the foregoing, and includes the United States, any State or political subdivision thereof, or any Territory, District, or possession of the United States.

(b) "Article" means any article, product, material, or commodity.

(c) "Services" means any service, operation, or function performed otherwise than as an employee by a person (other than a State or political subdivision thereof) for any other person for compensation.

(d) "Labor" means any function performed by an individual as an employee of a person other than a State or political subdivision thereof.

(e) An article shall be deemed the "same" article as another article if it is identical in every respect with such other article.

(f) An article shall be deemed "similar" to another article if it is not the same article but is an article of the same kind and of the same or substantially the same quality as such other article.

(g) An article shall be deemed a "new" article if neither the same article nor a similar article was sold at wholesale during the base period.

(h) Services shall be deemed the "same" services as other services if they consist of the same or substantially the same operations or functions as such other services.

(i) Services shall be deemed "new" services if the same services were not performed during the base period.

(j) Labor shall be deemed the "same" labor as other labor if it consists of the same or substantially the same functions and duties of the same or substantially the same functions and duties as such other labor.

(k) Labor shall be deemed "new" labor if the same labor was not performed during the base period.

(l) "Sale" means any disposition, exchange, lease, or other transfer, or any contract to do any of the foregoing, and "sell", "selling", "seller", "buy", and "buyer", shall be construed accordingly.

(m) "Sale at wholesale" of an article means (1) any sale of such article for resale by the buyer, or (2) in the case of a sale by the manufacturer, producer, or importer of such article for consumption or use by the buyer, such sale by the manufacturer, producer, or importer; except that wherever specific reference is made to a "sale at wholesale of an agricultural commodity," such sale shall be deemed to refer only to a sale of such commodity by the farmer who produced such commodity.

(n) "Price" means the consideration received or re-

ceivable in connection with the sale of an article or for the performance of services.

(o) "Wage" means the rate of consideration received or receivable for the performance of labor, whether in the form of wages, salary, or any other form.

(p) "Ceiling" means the maximum price for which an article may be sold or which may be received for the performance of services, or the maximum wage which may be paid for labor.

(q) "Agricultural commodity" includes only an agricultural commodity in the form in which it is customarily marketed by farmers.

(r) "Base period" means the period June 10, 1950, to June 25, 1950, both inclusive.

(s) "Comparable" means substantially the same real, utility, and neighborhood value.

(t) "Administrator" means the Administrator of the Office of Inflation Control created by section 4.

ADMINISTRATOR OF OFFICE OF INFLATION CONTROL

SEC. 4. (a) The President is hereby authorized to create in the Executive Office of the President an Office of Inflation Control, which shall be under the direction of an Administrator, to be known as the Administrator of the Office of Inflation Control (in this Act referred to as the "Administrator"). The Administrator shall be appointed

by the President, by and with the advice and consent of the Senate, and receive compensation at the rate of $17,500 a year.

(b) The Administrator may establish and utilize such advisory, regional, local, industry, or other groups or agencies, and utilize such voluntary and uncompensated service, as may from time to time be needed. The Administrator shall give due consideration to the recommendations of such groups, committees, or other agencies appointed under this section, and he shall utilize, insofar as practicable, local agencies to the end that compliance with the act may be effectuated.

(c) The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary in order to carry out his functions and duties under this title and title II, and shall fix their compensation in accordance with the Classification Act of 1949, as amended. Attorneys appointed under this section may appear for and represent the Administrator in any case in any court. In the appointment, selection, classification, and promotion of officers and employees of the Office of Inflation Control, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

(d) The principal office of the Administrator shall be

in the District of Columbia, but he or his duly authorized representative may exercise any or all of his powers in any place.

(e) The Administrator shall submit to Congress a quarterly report covering his activities for the preceding quarter and including such information and data, and recommendations with respect to matters covered by this title and title II as he may find advisable.

(f) The Administrator with the approval of the President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Federal Government and may authorize such redelegations by that officer or agency as he may deem appropriate.

TITLE II—PRICE AND WAGE CEILINGS

PROHIBITED ACTS

SEC. 201. (a) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to sell or deliver, or to buy or accept delivery of, any article at a price in excess of the ceiling applicable to such sale.

(b) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to receive or pay, or to enter into any contract, agreement, or other obligation under which he is entitled or required,

or under which he purports to be entitled or required, to receive or pay, for the performance of any services a price in excess of the ceiling applicable to such services.

(c) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to pay for any labor a wage in excess of the ceiling applicable in respect of such labor.

CEILINGS APPLICABLE TO SALES OF ARTICLES

SEC. 202. (a) Except as provided in subsection (b) and section 205, the ceiling applicable to the sale of an article by any person shall be—

(1) in case the sale is at wholesale and the article is the same article as an article sold at wholesale by such person during the base period, the highest price at which it was so sold by such person during the base period;

(2) in case the sale is at wholesale and the article is not the same article as an article sold at wholesale by such person during the base period, but is similar to an article so sold by such person during the base period, the highest price at which such similar article was so sold by such person during the base period;

(3) in case the sale is at wholesale and the article is not the same article as, nor an article similar to, an article sold at wholesale by such person during the base

period, the highest price at which the same article was regularly so sold by any other person during the base period, or if the same article was not regularly so sold by any other person during the base period, the highest price at which a similar article was regularly so sold by any other person during the base period;

(4) in the case of any article to the sale of which paragraph (1), (2), or (3) is applicable, such ceiling as the Administrator may prescribe pursuant to section 206. Any such ceiling so prescribed shall be in lieu of the ceiling applicable under such paragraph; and

(5) in the case of a new article, and in the case of any article to the sale of which paragraph (1), (2), (3), or (4) is not applicable, such ceiling as the Administrator may prescribe pursuant to section 206.

(b) The ceiling applicable to the sale at wholesale of an agricultural commodity shall in no case be less than the parity price therefor, as determined and published by the Secretary of Agriculture in accordance with other provisions of law.

CEILINGS APPLICABLE TO SERVICES

SEC. 203. Except as provided in section 205, the ceiling applicable to services performed by any person shall be—

(1) in case such services are the same services as

services performed by such person during the base period, the highest price for which such services were so performed by such person during the base period;

(2) in case such services are not the same services as services performed by such person during the base period (or in case such person did not perform any services during the base period), the highest price for which the same services were regularly performed by any other person within the same county or parish, or within the same State if there be no such other person within the same county or parish, during the base period;

(3) in the case of any services to which paragraph (1) or (2) is applicable, such ceiling as the Administrator may prescribe pursuant to section 206. The ceiling so prescribed shall be in lieu of the ceiling applicable to such services under such paragraph; and

(4) in the case of new services and in the case of services to which paragraph (1), (2), or (3) is not applicable, such ceiling as the Administrator may prescribe pursuant to section 206.

CEILINGS APPLICABLE TO WAGES AND SALARIES

SEC. 204. (a) Except as provided in subsection (b) and section 205, the ceiling applicable in respect of labor performed by an individual shall be—

(1) in case such labor is the same labor as labor

performed, whether or not by him, for his employer during the base period, the highest wage paid by his employer during the base period, at the place of employment where such individual is employed, for the same labor to an employee with the same seniority rights and length of service;

(2) in case the same labor was not performed either by him or any other employee, for his employer during the base period, at the place of employment where such individual is employed, the highest wage paid for the same labor by any other employer within the same county or parish, or within the same State, if there be no such other employer within the same county or parish, during the base period to an employee with the same seniority rights and length of service;

(3) in the case of any labor in respect of which paragraph (1) or (2) is applicable, such ceiling as the Administrator may prescribe pursuant to section 206. Any such ceiling so prescribed shall be in lieu of the ceiling applicable in respect of such labor under such paragraph; and

(4) in case such labor is new labor, and in the case of labor to which paragraph (1), (2), or (3) is not applicable, such ceiling as the Administrator may prescribe pursuant to section 206.

(b) The ceiling applicable in respect of any labor shall in no case be less than the minimum compensation prescribed therefor in or pursuant to any law of the United States, or of any State or political subdivision thereof, or of any Territory, District, or possession of the United States.

EXEMPTIONS

SEC. 205. The Administrator may by regulation or order exempt from the provisions of sections 202, 203, and 204 articles, services, and labor, with respect to which he makes a finding of fact that—

(1) such exemption is necessary in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended; or

(2) it is unnecessary that ceilings be applicable to such articles, services, or labor in order to preserve the Nation's price structure and to prevent a rise in the cost of living.

POWERS OF ADMINISTRATOR WITH RESPECT TO CEILINGS

SEC. 206. (a) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectu-

ate the purposes of this title, he shall by regulation or order establish such ceiling or ceilings as in his judgment will be generally fair and equitable to buyers and sellers of the article or articles in question, or to the person or persons performing the services in question and the person or persons for whom they are performed, or to the employees and employer or employers in question, as the case may be, and will effectuate the purposes of this title. So far as practicable, in establishing a ceiling for any specified articles, services, or labor the Administrator shall ascertain and give due consideration to the prices prevailing for such article or services, or the wages prevailing for such labor, as the case may be, during the base period, and shall make adjustments for such relevant factors as he may determine to be of general applicability in respect of such article, services, or wages, including the following: Speculative fluctuations, general increases or decreases in costs of transportation, general increase or decrease in cost of maintenance and operation, general increases or decreases in costs of living, and general increases or decreases in profits earned by sellers of the article, persons performing such services, and employers for whom such labor is performed, during and subsequent to the year ending June 25, 1950. Every regulation or order establishing any ceiling under this subsection shall

be accompanied by a statement of the considerations involved in the issuance of such regulation or order.

(b) Any ceiling or ceilings may be established under this section in such form and manner, may contain such classifications and differentiations, and may provide for the continuation of models, the standardization of the production of essential items and such other provisions and adjustments, as in the judgment of the Administrator are necessary or proper in order to effectuate the purposes of this title. Any such ceiling may be established in terms of price, wages, margins, commissions, fees, charges, allowances, or other terms. Except as provided in section 202 (b) (relating to agricultural commodities) the Administrator may establish a ceiling or ceilings under this section with respect to articles and services below the general market price for the article or articles or services in effect at the time of establishment of such ceiling or ceilings.

(c) The Administrator shall exercise his powers under subsections (a) and (b) with respect to agricultural commodities, and with respect to articles derived in whole or in substantial part from agricultural commodities, in such manner as to support prices to farmers for such agricultural commodities at such levels as may be necessary to enable farmers to receive therefor the highest price received in

the base period or the parity price for such commodities, whichever is higher.

POWERS OF ADMINISTRATOR WITH RESPECT TO MARKET PRACTICES

SEC. 207. Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit, with respect to any article, speculative or manipulative practices, selling, marketing, or inventory practices (including practices relating to changes in form or quality, hoarding, or other practices), which in his judgment, are equivalent to or are likely to result in price increases inconsistent with the purposes of this title.

PROCEDURE

SEC. 208. (a) Regulations or orders establishing any ceiling or ceilings may be issued after such inquiry as the Administrator deems necessary or proper. Within a period of sixty days after the issuance of any such regulation or order any person subject to the provisions thereof may, in accordance with regulations to be prescribed by the Administrator, file a protest specifically setting forth objections to such regulation or order and affidavits or other written evidence in support of such objections. At any time after the

expiration of such sixty days any person subject to the provisions of such regulation or order may file such a protest based solely on grounds arising after the expiration of such sixty days. Within a reasonable time after the filing of any protest under this subsection, but in no event more than thirty days after such filing or ninety days after the issuance of the regulation or order in respect of which the protest is filed, whichever occurs later, the Administrator shall either grant or deny such protest in whole, or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith.

(b) In any proceedings under this title, the Administrator may take official notice of economic and other facts, including facts found by him as a result of action taken under section 210, and may limit such proceedings to the filing of affidavits or other written evidence, or the filing of briefs.

REVIEW

SEC. 209. (a) Any protestant who is aggrieved by the denial or partial denial of his protest, may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals, praying that the regulation or order protested be set aside in whole or in part. A copy of such complaint shall forthwith be served on the Administrator who shall certify and file with such court a transcript of the proceedings

in connection with the protest which shall include a statement of the materials of which the Administrator has taken official notice. Upon the filing of such transcript the court shall have exclusive jurisdiction to affirm or set aside such regulation or order, in whole or in part, or to remand the proceeding, except that the regulation or order may be modified or rescinded by the Administrator at any time notwithstanding the pendency of such complaint. No objection to any regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the Administrator and not admitted, or which could not reasonably have been offered to the Administrator, and the court determines that such evidence is material, the court shall order the evidence to be presented to the Administrator. The Administrator shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof, and any modification made in the regulation or order as a result thereof, except that on request by the Administrator, any such additional evidence may be presented directly to the court.

(b) No such regulation or order shall be set aside in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court setting aside in whole or in part any such regulation or order shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (c) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) Within thirty days after entry of a judgment, interlocutory or final, by the Emergency Court of Appeals a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 1254 of title 28 of the United States Code. The Supreme Court shall expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity

of any ceiling under this title, and the provisions of this title authorizing any regulation or order establishing any ceiling. Except as provided in this section, no court, Federal, State, or Territorial, shall have power to consider such validity, or to stay, restrain, enjoin, or set aside, in whole or in part, any such provision of this title, or any provision of this title, or any provision of any such regulation or order.

OBTAINING INFORMATION

SEC. 210. (a) The Administrator may make such studies and investigations, and obtain or require the furnishing of such information under oath or affirmation or otherwise, as he deems necessary or proper to assist him in prescribing any regulation or order under this title, and in the administration and enforcement of this title, and regulations and orders thereunder. For such purposes the Administrator may administer oaths and affirmations, may require by subpena or otherwise the attendance and testimony of witnesses and the production of documents at any designated place, may require persons to permit the inspection and copying of documents, and the inspection of inventories, and may, by regulation or order, require the making and keeping of records and other documents and the making of reports. No person shall be excused from complying with any requirement under this section because of his privilege against self-incrimination, but the immunity provisions of the Com-

pulsory Testimony Act of February 11, 1893 (49 U. S. C., sec. 46), shall apply with respect to any individual who specifically claims such privilege.

(b) The Administrator shall not publish or disclose any information obtained under this title that he deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information unless he determines that the withholding thereof is contrary to the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended.

(c) The production of a person's documents at any place other than his place of business shall not be required under this section in any case in which, prior to the return date specified in the subpena issued with respect thereto, such person either has furnished the Administrator with a copy of such documents (certified by such person under oath to be a true and correct copy), or has entered into a stipulation with the Administrator as to the information contained in such documents.

REGULATIONS AND ORDERS

SEC. 211. The Administrator may, from time to time, issue such regulations and orders as he may deem necessary or proper in order to carry out the purposes and provisions of this title, and to prevent the circumvention or evasion thereof. Any regulation or order issued under this title may be amended or rescinded by the Administrator whenever in his opinion such action is necessary or proper in order to carry out the provisions of this title or to prevent the circumvention or evasion thereof.

ENFORCEMENT

SEC. 212. (a) Whenever in the judgment of the Administrator any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of this title, or any regulation, order, or requirement thereunder, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with this title or such regulation, order, or requirement, and upon a proper showing a permanent or temporary injunction, restraining order, or other order shall be granted without bond. In cases of actual controversy, a like application may be made by any interested person, and upon a proper showing a like order or decree shall be granted.

(b) Any person who willfully violates any provision of this title or any regulation, order, or requirement thereunder, and any person who willfully falsifies in any material respect a document or report required to be kept or filed thereunder, shall, upon conviction thereof, be fined not more than $5,000, or imprisoned for not more than one year, or both. Whenever the Administrator has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) The district courts shall have jurisdiction of violations of this title and of regulations, orders, or requirements thereunder, and concurrently with State and Territorial courts, of all civil proceedings to enforce any liability or duty created by, or to enjoin any violation of, this title or any regulation, order, or requirement thereunder. Such civil proceedings and any criminal proceedings may be brought in any district in which any act or transaction constituting the violation occurred. Any such civil proceedings may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. No costs shall be assessed against the United States Government in any proceeding under this title.

(d) No person shall be held liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of anything done or omitted to be done in good faith pursuant to any provision of this title or any regulation, order, or requirement thereunder, notwithstanding that subsequently such provision, regulation, order, or requirement may be modified, rescinded, or determined to be invalid. The Administrator may intervene in any suit or action wherein a party relies for ground of relief or defense upon this title or any regulation, order, or requirement thereunder.

SEC. 213. The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, or changes in established rental practices, except where such action is affirmatively found by the Administrator to be necessary to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this title.

SEC. 214. Nothing in this title shall be construed to authorize the regulation of (1) rates charged by any common carrier or other public utility except where such action is affirmatively found necessary to prevent circumvention or evasion of any regulation, order, price schedule, or require-

ment under this title, or (2) rates charged by any person engaged in the business of selling or underwriting insurance, or (3) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting station, or (4) rates charged for any professional services.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in con-

nection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be related to efforts or undertakings on the part of the United States or an agency thereof in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such

fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations, as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the

use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended.

SEC. 302. To assist in carrying out the objectives of this Act, the President may make provisions for loans (including participations in, or guarantees of, loans) to private business enterprises for the expansion of capacity, the development of technological processes, or the production of essential materials. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

(b) Purchases and commitments to purchase and sales under subsection (a) may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that

purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

(b) Any corporation created under this section—

(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its

obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said Act.

(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out its functions under this title: *Provided,* That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing

as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation.

SEC. 305. In order to aid the Government of the United States in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1940, as amended, the Reconstruction Finance Corporation is authorized—

(1) with the approval of the President, to create or organize a corporation or corporations, with power (a) to produce, acquire, carry, sell, or otherwise deal in strategic and critical materials as defined by the Pres-

ident; (b) to purchase and lease land, purchase, lease, build, and expand plants, and purchase and produce equipment, facilities, machinery, materials, and supplies for the manufacture of strategic and critical materials, arms, ammunition, and implements of war, and such other articles, equipment, supplies, and materials as may be required in the manufacture or use of any of the foregoing or otherwise necessary in connection therewith; (c) to lease, sell, or otherwise dispose of such land, plants, facilities, and machinery to others to engage in such manufacture; (d) to purchase, lease, build, expand, or otherwise acquire facilities for the training of aviators and to operate or lease, sell, or otherwise dispose of such facilities to others to engage in such training: *Provided*, That nothing in this section shall be construed to authorize the Corporation to take any action, directly or indirectly, with respect to the proposals heretofore considered by the Congress and known as the Great Lakes-St. Lawrence seaway, Passamaquoddy, Florida ship canal, and Tombigbee River projects, or to the project known as the Nicaragua Canal. The powers of every corporation hereafter created or organized under this section shall be set out in a charter which shall be valid only when certified copies thereof are filed with the Secretary of the Senate and the Clerk of the House of Rep-

resentatives and published in the Federal Register, and all amendments to such charters shall be valid only when similarly filed and published. No corporation created or organized by the Corporation pursuant to this section shall have succession beyonr March 31, 1951, except for purposes of liquidation unless the life of such corporation is extended beyond such date pursuant to an Act of Congress. The Corporation may make loans to, or purchase the capital stock of, any such corporation for any purpose within the powers of the Corporation as above set forth in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended, on such terms and conditions as the Corporation may determine; and

(2) to acquire real estate and any right or interest therein by purchase, lease, condemnation, or otherwise, determined by the Corporation to be necessary or advantageous to the carrying out of any authority vested in any corporation created or organized pursuant to this section. The Corporation is also authorized to sell, lease,

or otherwise dispose of any such real estate. Proceedings for such condemnation shall be instituted in the name of the United States pursuant to the provisions of the Act approved August 1, 1888 (25 Stat. 357), as amended, and any real estate already devoted to public use which would be subject to condemnation in proceedings instituted upon application of any officer of the Government shall likewise be subject to condemnation in proceedings instituted upon application of the Corporation as herein provided. Sections 1, 2, and 4, of the Act approved February 26, 1931 (46 Stat. 1421), as amended, shall be applicable in any such proceeding. Any judgment rendered against the United States in any such proceeding shall promptly be paid by the Corporation. Immediately upon the vesting of title in the United States of America in any such proceeding, the Secretary of Commerce, by deed executed by him in the name of the United States of America, shall transfer the entire title or interest so acquired to the Corporation, and the Corporation shall thereupon have the same right with respect to any real estate so acquired as it has with respect to real estate acquired by purchase. No proceedings for condemnation in pursuance of this section instituted prior to the termination of this Act shall abate by reason thereof.

TITLE IV—CONTROL OF CREDIT

SEC. 401. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this title or to prevent evasion thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider among other factors,

(1) the level and trend of consumer credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

(b) No person shall extend or maintain any consumer credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any such credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any such credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any such credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this title; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appro-

priate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) Any person who willfully violates any provision of this title or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

(d) To assist in carrying out the purposes of this title, the President by regulation may require transactions or persons or classes thereof subject to this title to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this title or any regulation prescribed by the President pursuant to this title. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securites and Exchange Commission under that Act. In carrying out this title, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(e) For the purposes of this title, unless the context otherwise requires, the following terms shall have the follow-

ing meanings, but the President may in his regulations further define such terms, insofar as any such definitions are not inconsistent with the provisions of this title, and, in like manner, may define technical, trade, and accounting terms:

(1) "Consumer credit" means credit which the obligor undertakes to pay in two or more payments: *Provided,* That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or non-residential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any accessory, insurance, or service connected with any such goods or any interest therein, (iv) credit secured, either wholly or partly, by real property, (v) credit for the purpose of purchasing or carrying real property or constructing buildings or otherwise improving real property, or (vi) credit involving a right to acquire or use real property. As used in this paragraph the term "real property" includes leasehold and other interests therein.

(2) "Person," in addition to the definition given it by

section 602 (a) of this Act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the criminal penalties of this title shall not be applicable to the United States, any State, or other governmental agency or instrumentality.

SEC. 402. In the exercise of powers under this title, the President shall give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

TITLE V—PRIORITIES, ALLOCATIONS, RATIONING, AND REQUISITIONS

SEC. 501. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended, shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders by any person he

finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended, and this power to allocate includes power to ration consumer goods at the retail level to prevent undue price rises and to secure equitable distribution.

SEC. 502. Any person who willfully performs an act prohibited, or willfully fails to perform any act required by the provisions of section 501 or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

SEC. 503. Whenever the President determines (1) that the use of any article or commodity is needed in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the

use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that he has been unable to acquire such article or commodity or the use thereof, as the case may be, on fair and reasonable terms, he is authorized to requisition such article or commodity or the use thereof in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended, upon the payment of just compensation for such article or commodity or the use thereof, to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any article or commodity or the use thereof requisitioned pursuant to this section but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such article

or commodity or the use thereof, he shall promptly be paid 75 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district court of the United States within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation. Whenever the need for the national defense of any article or commodity requisitioned under this section shall terminate, the President may dispose of such article or commodity on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any article or commodity so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided,* That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

TITLE VI—GENERAL PROVISIONS

SEC. 601. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest

possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations or orders, or amendments thereto, issued under authority of this Act, and in their formation consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this title and titles III, IV, and V, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

SEC. 602. As used in this title and titles III, IV, and V—

(a) The word "person" shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

SEC. 603. The President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Goverment and may authorize such redelegations by that officer or agency as the President may deem appropriate. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 607 (g) of the Federal Employees Pay Act of 1945, as amended (5 U. S. C., sec. 947 (g)), as the President deems necessary to carry out the provisions of this Act.

SEC. 604. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of titles III, IV, and V. Any such regulation or order may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of such titles.

SEC. 605. (a) The President shall be entitled, while this Act is in effect and for a period of 2 years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports, and the keeping of such records by, make such inspection of the books, records, and other writings, premises, or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this title and titles I, II, IV, and V, and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this title and titles III, IV, and V on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account

of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided,* That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Information obtained under this section which the

President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended.

SEC. 606. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this title and titles III, IV, and V, or any rule, regulation, order, or subpena thereunder, and of all civil actions under such titles to enforce any liability or duty created by, or to enjoin any violation of, such titles or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in

any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any such title, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this title or titles III, IV, or V.

SEC. 607. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to title V, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title V or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 608. (a) No act or omission to act which occurs while this Act is in effect, if requested by the President and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General not less than 10 days before making any request or finding thereunder.

(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 609. The functions exercised under this Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

SEC. 610. (a) The President, to the extent he deems

it necessary and appropriate in order to carry out the provisions of this title and titles III, IV, and V, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U. S. C., sec. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

SEC. 611. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this title and titles III, IV, and V may be allocated or transferred for any of

such purposes with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out such titles. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

SEC. 612. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the remainder of the Act and the application of such provision to other persons and circumstances shall not be affected thereby.

SEC. 613. This Act and all authority conferred hereunder shall terminate March 31, 1951, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate.

81ST CONGRESS
2D SESSION

H. R. 9308

A BILL

To protect the national safety and security from the consequences of price and credit inflation, to facilitate the production of goods and services necessary for the national defense, and for other purposes.

By Mr. KUNKEL

AUGUST 2, 1950

Referred to the Committee on Banking and Currency

81ST CONGRESS
2D SESSION

H. R. 9314

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 1950

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, provide for price and wage stabilization, provide for the settlement of labor disputes, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, divided into titles, may be cited as the "Defense Production Act of 1950".

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Title I. Priorities and allocations.
Title II. Authority to requisition.
Title III. Expansion of productive capacity and supply.
Title IV. Price and wage stabilization.
Title V. Settlement of labor disputes.
Title VI. Control of credit.
Title VII. General provisions.

DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively, the requirements of military and other programs

in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

SEC. 102. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

TITLE II—AUTHORITY TO REQUISITION

SEC. 201. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufac-

ture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that he has been unable to acquire such property or the use thereof, as the case may be, on fair and reasonable terms, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall promptly be paid 75 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district court of the United States within three years after the date of the President's award, an additional amount which, when added to the

amount so paid to him, shall be just compensation. Whenever the need for the national defense of any property requisitioned under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided,* That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part

any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be related to efforts or undertakings on the part of the United States or an agency thereof which are designed to meet the necessities of the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such

fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations, as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which hereafter may be appropriated or allocated to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 302. To assist in carrying out the objectives of this Act, the President may make provision for loans (including participations in, or guarantees of, loans) to private

business enterprises for the expansion of capacity, the development of technological processes, or the production of essential materials. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

(b) Purchases and commitments to purchase and sales under subsection (a) may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

(b) Any corporation created under this section—

(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

(3) shall not have succession beyond June 30,

1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to Act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said Act.

(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out its functions under this title: *Provided,* That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations

of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the obligations of any corporation hereunder.

TITLE IV—PRICE AND WAGE STABILIZATION

SEC. 401. It is the intent of Congress to provide stand-by authority necessary to achieve the following purposes in order to promote the national defense; to prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic

disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of the Congress that the authority conferred by this title shall be exercised, so far as practicable, in accordance with the policies set forth in section 2 of this Act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

SEC. 402. (a) Whenever the President shall find it necessary or appropriate to carry out the purposes of this title he may issue regulations or orders—

(1) establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allow-

ance paid or received on the sale or delivery or, the purchase or receipt, by or to any person of any material or service: *Provided*, That the term "rental" as used in this title shall not include the lease or rental of real property.

(2) establishing a ceiling or ceilings on any salary, wage, or other compensation paid to or received by any person, for any type of employment. Such ceilings shall apply regardless of any obligation heretofore or hereafter incurred except as provided in section 402 (e).

(b) The President may designate the materials, services, or types of employment to which specified ceilings will apply or he may prescribe a general ceiling for all materials, or services, or for all types of employment. So far as practicable, in establishing any ceiling, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to salaries, wages, or other compensations, prevailing during the period from May 24, 1950, to June 24, 1950, inclusive. In establishing price or wage ceilings the President shall give due considerations to the national effort to achieve maximum production in furtherance of the objectives of this Act. In determining and adjusting ceilings on prices with respect to materials and services he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or service,

including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or persons performing such services, subsequent to June 24, 1950. In determining and adjusting ceilings on salaries, wages, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such salaries, wages, or other compensation. Any regulation or order establishing a ceiling or ceilings shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order.

(c) The President, in or by any regulation or order, may provide exemptions for any materials, or services, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials, or services, or transactions, or types of employment, in order to effectuate the purposes of this title. Where the President so exempts transportation, communication, or public utility services, he may

intervene in a proceeding involving the charge for such service in order to carry out the purposes of this title.

(d) Regulations or orders under this section may be established in such form and manner, may provide for such adjustments and reasonable exceptions, and may contain such requirements, classifications, and differentiations, and such provisions, including provisions relating to types of employment, and quality, speculation, hoarding, standardization, manipulation, simplification, and production by a manufacturer of a required percentage of the less expensive items of his line, and definitions as in the judgment of the President are necessary to effectuate the purposes of this title, or to prevent circumvention or evasion, or facilitate enforcement, of this title or any regulation, order, or requirement thereunder.

(e) (1) The ceiling applicable in respect of any salary, wage, or other compensation shall not be less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to salaries, wages, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor-Management Relations Act, 1947, as amended, or any other law of the United States, or of any State, the

District of Columbia, or any Territory or possession of the United States.

(2) No ceiling shall be established or maintained for any agricultural commodity below the higher of the two following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and (adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials), or (ii) the average price received by producers on June 15, 1950, as determined by the Secretary of Agriculture and (adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials); and no ceiling shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the higher price therefor specified above. Whenever a ceiling has been established under this title with respect to any fresh fruit or any fresh vegetable, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reductions in merchantable crop yields, unusual increases in costs of production, and

other factors which result from hazards occurring in connection with the production and marketing of such fresh fruit or fresh vegetables. Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act.

SEC. 403. It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade, to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt, or agree to do any of the foregoing.

SEC. 404. In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

SEC. 405. Nothing in this title shall be construed to require any person to sell any material or service, or to perform services.

SEC. 406. At any time prior to six months from the effective date of any regulation or order under this title, or, in the case of new grounds arising after the effective date of any such regulation or order, within six months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than thirty days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

(b) In the administration of this title the President may take official notice of economic data and other facts,

including facts found by him as a result of action taken under section 705 of title VII of this Act.

(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: *Provided, however,* That, upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the President. The

protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

SEC. 407. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals, specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so

far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided,* That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest of such evidence and shall be continued in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on the request by the President, any such evidence shall be presented directly to the court.

(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of the thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) The Emergency Court of Appeals created by section 204 (c) of the Emergency Price Control Act of 1942, as amended, is hereby continued in existence for the purposes of this title, and the powers heretofore granted by law to the Emergency Court of Appeals are hereby continued for purposes of exercises of the jurisdiction granted by this title.

(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme

Court in the same manner as a judgment of a circuit court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under this title, and of any provision of any such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

SEC. 408. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 403 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any

such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 403 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than one year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) If any person selling a commodity violates a regulation or order prescribing a ceiling or ceilings, the person who buys such commodity for use or consumption other than in the course of trade or business may, within one year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by court, plus whichever of the following sums is greater: (1) Such amount not more than the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, or (2) an amount not less than $25 nor

more than $50, as the court in its discretion may determine. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling a commodity violates a regulation or order prescribing a ceiling or ceilings, and the buyer either fails to institute an action under this subsection within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such one-year period. If such action is instituted by the President the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered. The President may not institute any action under this subsection on behalf of the United States—

(1) if the violation arose because the person selling the commodity acted upon and in accordance with

the written advice and instructions of the President or any official authorized to act for him;

(2) if the violation arose out of the sale of a commodity to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

(d) (1) Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this title and to assure compliance with and provide for the effective enforcement of any regulation or order issued or which may be issued under this title, he may by regulation or order issue to or require of any person or persons subject to any regulation or order issued under this title, a license as a condition of selling any commodity or commodities with respect to which such regulation or order is applicable. It shall not be necessary for the President to issue a separate license for each commodity or for each regulation or order with respect to which a license is required. No such license shall contain any provision which could not be prescribed by regulation, order, or requirement under this title: *Provided*, That no such license may be required as a condition of selling or distributing (except as waste or scrap) newspapers, periodicals, books, or other printed or written material, or motion pictures, or as a condition of selling radio time: *Provided further*, That no

license may be required of any farmer as a condition of selling any agricultural commodity produced by him, and no license may be required of any fisherman as a condition of selling any fishery commodity caught or taken by him: *Provided further*, That in any case in which such a license is required of any person, the President shall not have power to deny to such person a license to sell any commodity or commodities, unless such person already has such a license to sell such commodity or commodities, or unless there is in effect under paragraph (2) of this subsection with respect to such person an order of suspension of a previous license to the extent that such previous license authorized such person to sell such commodity or commodities.

(2) Whenever in the judgment of the President a person has violated any of the provisions of a license issued under this subsection, or has violated any of the provisions of any regulation, order, or requirement under this title, which is applicable to such person, a warning notice shall be sent by registered mail to such person. If the President has reason to believe that such person has again violated any of the provisions of such license, regulation, order, or requirement after receipt of such warning notice, the President may petition any State or Territorial court of competent jurisdiction, or a district court subject to the limitations hereinafter provided, for an order suspending the license of such

person for any period of not more than twelve months. If any such court finds that such person has violated any of the provisions of such license, regulation, order, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation has occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under this title is applicable; but no suspension shall be for a period of more than twelve months, and if the defendant proves that the violation in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation, then in that event no suspension shall be ordered or directed. For the purposes of this subsection, any such proceedings for the suspension of a license may be brought in a district court if the licensee is doing business in more than one State, or if his gross sales exceed $100,000 per annum. Within thirty days after the entry of the judgment or order of any court either suspending a license, or dismissing or denying in whole or in part the President's petition for suspension, an appeal may be taken from such judgment or order in like manner as an appeal may be taken in other cases from a judgment or order of a State,

Territorial, or district court, as the case may be. Upon good cause shown, any such order of suspension may be stayed by the appropriate court or any judge thereof in accordance with the applicable practice; and upon written stipulation of the parties to the proceeding for suspension, approved by the trial court, any such order of suspension may be modified, and the license which has been suspended may be restored, upon such terms and conditions as such court shall find reasonable. Any such order of suspension hall be affirmed by the appropriate appellate court if, under he applicable rules of law, the evidence in the record supports a finding that there has been a violation of any provision of such license, regulation, order, or requirement after receipt of such warning notice. No proceedings for suspension of a license, and no such suspension, shall confer any immunity from any other provision of this title.

TITLE V—SETTLEMENT OF LABOR DISPUTES

SEC. 501. It is the intent of Congress, in order to provide for effective price and wage stabilization pursuant to title IV of this Act and to maintain uninterrupted production, that there be effective procedures for the settlement of labor disputes affecting national defense.

SEC. 502. The national policy shall be to place primary reliance upon the parties to any labor dispute to make every

effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement in the national interest. The President is authorized, after consultation with labor and management, to establish such principles and procedures and to take such action as he deems appropriate for the settlement of labor disputes affecting national defense, including the designation of such persons, boards, or commissions as he may deem appropriate to carry out the provisions of this title.

SEC. 503. In any action which may be taken pursuant to authority provided for in this title, due regard shall be given to terms and conditions of employment established by prevailing collective bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this Act. Any such action shall be consistent with the provisions of the Fair Labor Standards Act of 1938, as amended, and other Federal labor standards statutes and with other applicable laws.

TITLE VI—CONTROL OF CREDIT

SUBTITLE A—CONSUMER AND REAL ESTATE CREDIT

SEC. 601. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer and real estate credit which thereafter may be extended as, in his judgment, it is necessary to regulate in

order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this subtitle or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider among other factors, (1) the level and trend of consumer and real estate credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

(b) No person shall extend or maintain any credit, or

renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

(d) To assist in carrying out the purposes of this sub-

title, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(e) Any restrictions for real estate credit for home construction shall not restrict loans made by private lenders to any percentage of value or maturity less than the maximum authorized for any loans authorized to be made, insured, or guaranteed by the Government or any Government-owned agency or instrumentality, nor shall any restriction otherwise discriminate in favor of Government loans or Government insured or guaranteed loans against private loans for home construction.

(f) For the purposes of this subtitle, unless the context

otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, and accounting terms, insofar as any such definitions are not inconsistent with the provisions of this subtitle:

(1) "Consumer credit" means credit which the obligor undertakes to pay in two or more payments, or any other credit: *Provided*, That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any accessory, insurance, or service connected with any such goods or any interest therein.

(2) "Real estate credit" means credit secured, either wholly or partly, by real property; credit for the purpose of purchasing or carrying real property or constructing buildings or otherwise improving real property; and credit involving a right to acquire or use real property. As used

in this paragraph the term "real property" includes leasehold and other interests therein.

(3) "Credit" means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(4) "Person", in addition to the definition given it by section 702 (a) of this Act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the crim-

inal penalties of this subtitle shall not be applicable to the United States, any State, or other governmental agency or instrumentality.

SEC. 602. To assist in carrying out the objectives of this Act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

SUBTITLE B—COMMODITY SPECULATION

SEC. 611. The Commodity Exchange Act, as amended (42 Stat. 998; 49 Stat. 1491; 52 Stat. 205; 54 Stat. 1059), is further amended by inserting at the end of section 4a the following:

"(5) (A) Whenever the President determines that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations or unwarranted changes in the price of any commodity, he may prescribe rules and regulations governing the margin to be required with respect to the speculative purchase or speculative sale of any such commodity for future delivery, or the maintenance of a speculative position resulting from such purchase or sale, on or subject to the rules of any board of trade, whether or not designated as a contract market under section 5 of this Act: *Provided,* That no such rule or regulation shall be applicable to bona fide hedging transactions.

"(B) It shall be unlawful for any person to buy or sell, or accept orders for the purchase or sale of any such commodity for future delivery, subject to the rules of any board of trade, or maintain or carry a position resulting from such purchase or sale, unless margin funds or securities are deposited and maintained in compliance with the rules and regula-

tions promulgated under this paragraph (5). No floor broker shall be deemed to have violated this paragraph (5) with respect to any transaction in connection with which he has acted solely in the capacity of floor broker.

"(C) All money, securities, or property deposited as margin shall be handled by the person receiving such margin in compliance with the requirements of section 4d (2), regardless of whether such person is a futures commission merchant as defined in this Act and, for the purpose of this provision, the term 'contract market', as used in section 4d (2), shall be deemed to mean board of trade.

"(D) It shall be unlawful for any person to engage in soliciting or accepting orders for the purchase or sale of any commodity for future delivery on any board of trade, whether or not such board of trade is designated as a contract market, unless such person shall keep a record in writing showing the date, the parties to such contracts and their addresses, the commodity covered and its price, the terms of delivery, and the amount and kind of margin deposited. Such record shall be kept for a period of three years from the date of the transaction and shall at all times be open to the inspection of any representative of any agency of the United States designated for the purpose by the President.

"(E) For the purposes of this paragraph (5) the term 'commodity' shall mean, in addition to those commodities

specifically mentioned in section 2 (a) of this Act, any other agricultural or forest product or byproduct.

"(F) For the efficient execution of the provisions of this paragraph (5), the provisions of section 21 of the Securities Exchange Act of 1934 (48 Stat. 899), as amended, are made applicable to the jurisdiction, powers, and duties of the President in administering and enforcing the provisions of this paragraph (5) and to any person subject thereto.

"(G) Sections 4a and 4i of this Act are extended and made applicable to any commodity as defined in (E) above, and for the purposes of this paragraph (5) the term 'contract market' as used in sections 4a and 4i shall be deemed to mean Board of Trade."

TITLE VII—GENERAL PROVISIONS

SEC. 701. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) such business advisory committees shall be ap-

pointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations or orders, or amendments thereto, issued under authority of this Act, and in their formation consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

SEC. 702. As used in this Act—

(a) The word "person" shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

SEC. 703. The President may delegate any power or

authority conferred upon him by this Act to any officer or agency of the Government, including any new agency or agencies, which are hereby authorized to be created by the President when deemed necessary, and may authorize such redelegations by that officer or agency as the President may deem appropriate. The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix the compensation therefor, without regard to the Classification Act of 1949, as amended, at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act. Attorneys appointed under this section may appear for and represent the agency in any case in any court.

SEC. 704. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may contain such classifications and differentiations and may provide for such adjustments and

reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of this Act.

SEC. 705. (a) The President shall be entitled, while this Act is in effect and for a period of two years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be

prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided*, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

SEC. 706. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found;

the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or such section, or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act.

SEC. 707. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to this Act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 708. (a) No act or omission to act which occurs while this Act is in effect, if requested by the President and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General not less than ten days before making any request or finding thereunder.

(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 709. The functions exercised under this Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

SEC. 710. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U. S. C., sec. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

(c) The President may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed; and he is authorized to provide by regulation for

the exemption of persons whose services are utilized under this subsection from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U. S. C., sec. 99).

SEC. 711. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

SEC. 712. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the Act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 713. This Act and all authority conferred hereunder shall terminate at the close of June 30, 1952, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate.

81ST CONGRESS
2D SESSION

H. R. 9314

A BILL

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, provide for price and wage stabilization, provide for the settlement of labor disputes, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

By Mr. SPENCE

AUGUST 2, 1950

Referred to the Committee on Banking and Currency

DEFENSE PRODUCTION ACT OF 1950

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 9176, the Defense Production Act of 1950, with Mr. SMITH of Virginia in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday there was pending the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL].

Mr. KUNKEL. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KUNKEL. Mr. Chairman, yesterday when I was outlining this bill I mentioned certain changes that were going to be made in it in order to bring it more in line with what I thought was the thinking of a large number of Members in this body, and also yet preserve the general intent of the measure itself.

In order that everybody should have an opportunity to read it exactly and without any possible delay, the amendment was offered last night through the courtesy of the Chairman of the Committee of the Whole, and the chairman of the committee, and it is now available in the CONGRESSIONAL RECORD at page 11695, and following.

The present substitute is tied closely to the language of the Selective Service Act; in fact, the language is taken exactly from section 18 of the Selective Service Act.

There were several things which I did not have time to mention yesterday, and a number of them are very important. In the first place there probably could not be a better time in which to freeze the economy than the period from June 10 to June 25. That was a period when we had relatively high employment throughout the country, when prices and wages had been determined by the ordinary course of economic causes and free collective bargaining, and the President called attention to this in his recent statement on the state of the Union and in his message outlining the present condition of the country which he sent up to Congress not long ago.

It is particularly important to note in connection with the wage freeze that most of the large unions today have already signed contracts which run for a considerably longer period than the term of this bill. The bill runs until March 31, 1951. I call attention to a few of the contracts which have been recently signed:

Allis-Chalmers signed one for 5 years.

Ford has a 2-year contract signed late last year.

Chrysler signed this year for a 3-year contract.

The steel industry has a 2-year contract, although there is a provision in it that it can be reopened this fall on the ground of higher wages.

Coal has a national contract for 1 year.

The construction industry earlier this year signed a 3-year contract.

The clothing industry signed a 5-year contract for men's clothing in 1949, and for ladies one for from 2 to 3 years.

The Sperry Gyroscope Co., has also signed a 3-year contract.

So that when the wage freeze is put in it could not impose any too great hardship on any of the groups if the cost of living is only held in line as is contemplated in the provisions of the bill relating to price control and rationing.

The theory of the bill is that there should be established by the President a period during which everything will be held and stabilized, and then he can release or continue controls as he sees fit and in regard to certain areas and certain commodities as he sees fit.

It is also definitely stated in the new bill that the President is to put into effect simultaneously controls on wages, prices, and services. I call your attention to the specific language on that, which is given on page 11695 in the second paragraph of section 2, where it starts out, "It is further declared that it is necessary for the national defense and security," and the language immediately following.

I also refer to the termination date of this proposal. The termination is March 31, 1951. That is a relatively short time, but it is plenty of time to accomplish the purposes of this act. It gives the new Congress 3 months in which to consider the matter, to see whether the measure is still necessary, and also to place in it perfecting amendments.

I am quite sure that no matter what bill is adopted today we will find as time goes on—certainly that was our experience with the OPA acts in the past—that these measures will require certain adjustments in the light of practical experience, so that all that will fall naturally within the purview of a study in connection with a renewal bill at the expiration date of this bill.

On the other hand, I do not believe the general public will at any time have any doubt as to whether or not the act will be extended when the time for renewal comes. Anyone who follows the papers and reads the developments in the international picture, as we all do from day to day, no matter what our walk of life, will readily understand and will readily know whether this act will be extended when the proper time comes.

I feel that it is certainly important to adopt a bill embodying the policy contained in this act. I think it is extremely important to limit the President in general to the powers which he had during the last war, until we have at least had more time to examine the new powers requested more closely. That is what this bill does in respect to the titles of the bill other than those relating to rationing, price control, and wage control. These latter are in general based on provisions in laws used for similar purposes during World War II.

I hope gentlemen will give it their consideration, and I certainly urge its adoption as being much better fitted to meet the situation than the administration substitute, both in regard to taking care of the consumer and also in regard to keeping under some kind of control the powers granted to the President, giving him enough control to take care of every need that he may have for war and security purposes but at the same time keping a check-rein on those powers in the hands of the Congress.

Mr. O'TOOLE. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield to the gentleman from New York.

Mr. O'TOOLE. I have not read the bill completely, but I wonder whether the gentleman from Pennsylvania could inform me if this measure provides any ceilings on profits.

Mr. KUNKEL. No, the ceilings on profits should come under an excess-profits tax, which could be acted on in the present tax bill if it were adjusted in that way. I do not know the status exactly of the tax bill, but certainly the way excess profits have always been taken care of in the past is through tax legislation.

Mr. HARRISON. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield to the gentleman from Virginia.

Mr. HARRISON. Did I correctly understand the gentleman to say that it was the purpose of his bill to require the imposition of ceilings on wages if they were also imposed on prices?

Mr. KUNKEL. They should all be imposed simultaneously. I should like to read the gentleman what is contained in the declaration of policy of the act.

Mr. HARRISON. Is it not a fact that under section 204 power is given to the Administrator to exempt wages? That is carried out under 205, and under 206 ceilings may be placed on prices below the cost of production and the ceilings on wages may be raised to any figure desired.

Mr. KUNKEL. That is not the intent of that section.

Mr. HARRISON. Is that not the language of it?

Mr. KUNKEL. No. In the first place I do not think that you want to have any bill with controls for the sake of having controls.

Mr. HARRISON. That is correct.

Mr. KUNKEL. And you certainly want to look forward even in the war emergency to a time when the Administrator or the President will decide that he will control in a certain field but

that it may be unnecessary to control in another field. However, that may be true of areas or sections of the country.

Mr. HARRISON. Then under the gentleman's bill the President could control wages. Is that not correct?

Mr. KUNKEL. In my judgment, taken in connection with the policy declaration which is very specific, I think the intent of that language is to just give him that authority with certain limitation, perhaps eliminating certain articles or certain areas and that it could not be taken to mean a general exemption of wages while imposing ceilings on goods and services because the policy direction is clear and specific on that point.

Mr. SPENCE. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL].

The Clerk read as follows:

Amendment offered by Mr. SPENCE, as a substitute for the amendment offered by Mr. KUNKEL. Strike out all of the amendment offered by Mr. KUNKEL and insert the following:

"That this act, divided into titles, may be cited as the 'Defense Production Act of 1950.'

"TABLE OF CONTENTS

"Title I. Priorities and allocations.
"Title II. Authority to requisition.
"Title III. Expansion of productive capacity and supply.
"Title IV. Price and wage stabilization.
"Title V. Settlement of labor disputes.
"Title VI. Control of credit.
"Title VII. General provisions.

"DECLARATION OF POLICY

"SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

"It is the objective of this act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this act to promote the national defense, by meeting, promptly and effectively, the requirements of military and other programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use.

"TITLE I—PRIORITIES AND ALLOCATIONS

"SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

"SEC. 102. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than 1 year, or both.

"TITLE II—AUTHORITY TO REQUISITION

"SEC. 201. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that he has been unable to acquire such property or the use thereof, as the case may be, on fair and reasonable terms, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall promptly be paid 75 percent of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district court of the United States within 3 years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation. Whenever the need for the national defense of any property requisitioned under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided*, That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

"TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

"SEC. 301. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be related to efforts or undertakings on the part of the United States or an agency thereof which are designed to meet the necessities of the national defense.

"(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guaranteeing and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guaranty made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

"(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section, shall be subject to the supervision of the President and to such regulations as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guaranty and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guaranties.

"(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

"SEC. 302. To assist in carrying out the objectives of this act, the President may make provision for loans (including participations in, or guaranties of, loans) to private business enterprises for the expansion of capacity, the development of technological processes, or the production of essential materials. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

"SEC. 303. (a) To assist in carrying out the objectives of this act, the President may make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

"(b) Purchases and commitments to purchase and sales under subsection (a) may be made, without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher

than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

"(c) The procurement power granted to the President by this section shall include the power to transport and store and have processed and refined any materials procured under this section.

"SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

"(b) Any corporation created under this section—

"(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

"(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

"(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to act of Congress; and

"(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said act.

"(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out its functions under this title: *Provided,* That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the obligations of any corporation hereunder.

"TITLE IV—PRICE AND WAGE STABILIZATION

"SEC. 401. It is the intent of Congress to provide stand-by authority necessary to achieve the following purposes in order to promote the national defense; to prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from under impairment of their living standards; to prevent economic disturbances, labor disputes, interference with the effective mobilization of national resources, and impairment of national unity and morale; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of the Congress that the authority conferred by this title shall be exercised, so far as practicable, in accordance with the policies set forth in section 2 of this act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

"SEC. 402. (a) Whenever the President shall find it necessary or appropriate to carry out the purposes of this title he may issue regulations or orders—

"(1) establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery or, the purchase or receipt, by or to any person of any material or service: *Provided,* That the term "rental" as used in this title shall not include the lease or rental of real property.

"(2) establishing a ceiling or ceilings on any salary, wage, or other compensation paid to or received by any person, for any type of employment. Such ceilings shall apply regardless of any obligation heretofore or hereafter incurred except as provided in section 402 (e).

"(b) The President may designate the materials, services, or types of employment to which specified ceilings will apply or he may prescribe a general ceiling for all materials, or services, or for all types of employment. So far as practicable, in establishing any ceiling, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to salaries, wages, or other compensations, prevailing during the period from May 24, 1950, to June 24, 1950, inclusive. In establishing price or wage ceilings the President shall give due considerations to the national effort to achieve maximum production in furtherance of the objectives of this act. In determining and adjusting ceilings on prices with respect to materials and services he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or service, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or persons performing such services, subsequent to June 24, 1950. In determining and adjusting ceilings on salaries, wages, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such salaries, wages, or other compensation. Any regulation or order establishing a ceiling or ceilings shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order.

"(c) The President, in or by any regulation or order, may provide exemptions for any materials, or services, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials, or services, or transactions, or types of employment, in order to effectuate the purposes of this title. Where the President so exempts transportation, communication, or public utility services, he may intervene in a proceeding involving the charge for such service in order to carry out the purposes of this title.

"(d) Regulations or orders under this section may be established in such form and manner, may provide for such adjustments and reasonable exceptions, and may contain such requirements, classifications, and differentiations, and such provisions, including provisions relating to types of employment, and quality, speculation, hoarding, standardization, manipulation, simplification, and production by a manufacturer of a required percentage of the less expensive items of his line, and definitions as in the judgment of the President are necessary to effectuate the purposes of this title, or to prevent circumvention or evasion, or facilitate enforcement, of this title or any regulation, order, or requirement thereunder.

"(e) (1) The ceiling applicable in respect of any salary, wage, or other compensation shall not be less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to salaries, wages, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor-Management Relations Act, 1942, as amended, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

"(2) No ceiling shall be established or maintained for any agricultural commodity below the higher of the two following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and (adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials), or (ii) the average price received by producers on June 15, 1950, as determined by the Secretary of Agriculture and (adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials); and no ceiling shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the higher price therefor specified above. Whenever a ceiling has been established under this title with respect to any fresh fruit or any fresh vegetable, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reductions in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such

fresh fruit or fresh vegetables. Nothing contained in this act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such act.

"SEC. 403. It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade, to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt, or agree to do any of the foregoing.

"SEC. 404. In carrying out the provisions of this title the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

"SEC. 405. Nothing in this title shall be construed to require any person to sell any material or service, or to perform services.

"SEC. 406. At any time prior to 6 months from the effective date of any regulation or order under this title, or, in the case of new grounds arising after the effective date of any such regulation or order, within 6 months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than 30 days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

"(b) In the administration of this title the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of title VII of this act.

"(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: *Provided, however,* That, upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittee thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provisions against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

"(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

"SEC. 407. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals, specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided,* That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest of such evidence and shall be continued in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on the request by the President, any such evidence shall be presented directly to the court.

"(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of the thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

"(c) The Emergency Court of Appeals created by section 204 (c) of the Emergency Price Control Act of 1942, as amended, is hereby continued in existence for the purposes of this title, and the powers heretofore granted by law to the Emergency Court of Appeals are hereby continued for purposes of exercises of the jurisdiction granted by this title.

"(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under this title, and of any provision of any such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

"SEC. 408. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 403 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provisions, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

"(b) Any person who willfully violates any provision of section 403 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than 1 year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

"(c) If any person selling a commodity violates a regulation or order prescribing a ceiling or ceilings, the person who buys such commodity for use or consumption other than in the course of trade or business may, within 1 year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection the seller shall be liable for reasonable attorney's fees and costs as determined by court, plus whichever of the following sums is greater: (1) Such amount not more than the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, or (2) an amount not less than $25 nor more than $50, as the court in its discretion may determine. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling a commodity violates a regulation or order prescribing a

ceiling or ceilings, and the buyer either fails to institute an action under this subsection within 30 days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such 1-year period. If such action is instituted by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered. The President may not institute any action under this subsection on behalf of the United States—

"(1) if the violation arose because the person selling the commodity acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

"(2) if the violation arose out of the sale of a commodity to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

"(d) (1) Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this title and to assure compliance with and provide for the effective enforcement of any regulation or order issued or which may be issued under this title, he may by regulation or order issue to or require of any person or persons subject to any regulation or order issued under this title, a license as a condition of selling any commodity or commodities with respect to which such regulation or order is applicable. It shall not be necessary for the President to issue a separate license for each commodity or for each regulation or order with respect to which a license is required. No such license shall contain any provision which could not be prescribed by regulation, order, or requirement under this title: *Provided,* That no such license may be required as a condition of selling or distributing (except as waste or scrap) newspapers, periodicals, books, or other printed or written material, or motion pictures, or as a condition of selling radio time: *Provided further,* That no license may be required of any farmer as a condition of selling any agricultural commodity produced by him, and no license may be required of any fisherman as a condition of selling any fishery commodity caught or taken by him: *Provided further,* That in any case in which such a license is required of any person, the President shall not have power to deny to such person a license to sell any commodity or commodities, unless such person already has such a license to sell such commodity or commodities, or unless there is in effect under paragraph (2) of this subsection with respect to such person an order of suspension of a previous license to the extent that such previous license authorized such person to sell such commodity or commodities.

"(2) Whenever in the judgment of the President a person has violated any of the provisions of a license issued under this subsection, or has violated any of the provisions of any regulation, order, or requirement under this title, which is applicable to such person, a warning notice shall be sent by registered mail to such person. If the President has reason to believe that such person has again violated any of the provisions of such license, regulation, order, or requirement after receipt of such warning notice, the President may petition any State or Territorial court of competent jurisdiction, or a district court subject to the limitations hereinafter provided, for an order suspending the license of such person for any period of not more than 12 months. If any such court finds that such person has violated any of the provisions of such license, regulation, order, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation has occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under this title is applicable; but no suspension shall be for a period of more than 12 months, and if the defendant proves that the violation in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation, then in that event no suspension shall be ordered or directed. If any such court finds that such person has violated any of the provisions of such license, regulation, order, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under this title is applicable; but no such suspension shall be for a period of more than 12 months. For the purposes of this subsection, any such proceedings for the suspension of a license may be brought in a district court if the licensee is doing business in more than one State, or if his gross sales exceed $100,000 per annum. Within 30 days after the entry of the judgment or order of any court either suspending a license, or dismissing or denying in whole or in part the President's petition for suspension, an appeal may be taken from such judgment or order in like manner as an appeal may be taken in other cases from a judgment or order of a State, Territorial, or district court, as the case may be. Upon good cause shown, any such order of suspension may be stayed by the appropriate court or any judge thereof in accordance with the applicable practice; and upon written stipulation of the parties to the proceeding for suspension, approved by the trial court, any such order of suspension may be modified, and the license which has been suspended may be restored, upon such terms and conditions as such court shall find reasonable. Any such order of suspension shall be affirmed by the appropriate appellate court if, under the applicable rules of law, the evidence in the record supports a finding that there has been a violation of any provision of such license, and no such suspension shall confer after receipt of such warning notice. No proceedings for suspension of a license, and no such suspension, shall confer any immunity from any other provision of this title.

"TITLE V—SETTLEMENT OF LABOR DISPUTES

"SEC. 501. It is the intent of Congress, in order to provide for effective price and wage stabilization pursuant to title IV of this act and to maintain uninterrupted production, that there be effective procedures for the settlement of labor disputes affecting national defense.

"SEC. 502. The national policy shall be to place primary reliance upon the parties to any labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement in the national interest. The President is authorized, after consultation with labor and management, to establish such principles and procedures and to take such action as he deems appropriate for the settlement of labor disputes affecting national defense, including the designation of such persons, boards, or commissions as he may deem appropriate to carry out the provisions of this title.

"SEC. 503. In any action which may be taken pursuant to authority provided for in this title, due regard shall be given to terms and conditions of employment established by prevailing collective bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this act. Any such action shall be consistent with the provisions of the Fair Labor Standards Act of 1938, as amended, and other Federal labor standards statutes and with other applicable laws.

"TITLE VI—CONTROL OF CREDIT

"SUBTITLE A—CONSUMER AND REAL ESTATE CREDIT

"SEC. 601. (a) To assist in carrying out the purposes of this act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer and real estate credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values maximum maturities, maximum amounts of credit, rules regarding the amount, form and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements (1) the level and trend of consumer and real estate credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

"(b) No person shall extend or maintain any credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any credit, or arranges for any of the foregoing shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

"(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than 1 year, or both.

"(d) To assist in carrying out the purposes of this subtitle, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to

this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

"(e) Any restrictions for real estate credit for home construction shall not restrict loans made by private lenders to any percentage of value or maturity less than the maximum authorized for any loans authorized to be made, insured, or guaranteed by the Government or any Government-owned agency or instrumentality, nor shall any restriction otherwise discriminate in favor of Government loans or Government insured or guaranteed loans against private loans for home construction.

"(f) For the purposes of this subtitle, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, and accounting terms, insofar as any such definitions are not inconsistent with the provisions of this subtitle:

"(1) 'Consumer credit' means credit which the obligor undertakes to pay in two or more payments, or any other credit: *Provided*, That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any accessory, insurance, or service connected with any such goods or any interest therein.

"(2) 'Real estate credit' means credit secured, either wholly or partly, by real property; credit for the purpose of purchasing or carrying real property or constructing buildings or otherwise improving real property; and credit involving a right to acquire or use real property. As used in this paragraph the term 'real property' includes leasehold and other interests therein.

"(3) 'Credit' means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

"(4) 'Person', in addition to the definition given it by section 702 (a) of this act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the criminal penalties of this subtitle shall not be applicable to the United States, any State, or other governmenal agency or instrumentality.

"SEC. 402. To assist in carrying out the objectives of this act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

"SUBTITLE B—COMMODITY SPECULATION

"SEC. 611. The Commodity Exchange Act, as amended (42 Stat. 998; 49 Stat. 1491; 52 Stat. 205; 54 Stat. 1059), is further amended by inserting at the end of section 4a the following:

"'(5) (A) Whenever the President determines that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations or unwarranted changes in the price of any commodity, he may prescribe rules and regulations governing the margin to be required with respect to the speculative purchase or speculative sale of any such commodity for future delivery, or the maintenance of a speculative position resulting from such purchase or sale, on or subject to the rules of any board of trade, whether or not designated as a contract market under section 5 of this act: *Provided*, That no such rule or regulation shall be applicable to bona fide hedging transactions.

"'(B) It shall be unlawful for any person to buy or sell, or accept orders for the purchase or sale of any such commodity for future delivery, subject to the rules of any board of trade, or maintain or carry a position resulting from such purchase or sale, unless margin funds or securities are deposited and maintained in compliance with the rules and regulations promulgated under this paragraph (5). No floor broker shall be deemed to have violated this paragraph (5) with respect to any transaction in connection with which he has acted solely in the capacity of floor broker.

"'(C) All money, securities, or properly deposited as margin shall be handled by the person receiving such margin in compliance with the requirements of section 4d (2), regardless of whether such person is a futures commission merchant as defined in this act and, for the purpose of this provision, the term "contract market", as used in section 4d (2), shall be deemed to mean board of trade.

"'(D) It shall be unlawful for any person to engage in soliciting or accepting orders for the purchase or sale of any commodity for future delivery on any board of trade, whether or not such board of trade is designated as a contract market, unless such person shall keep a record in writing showing the date, the parties to such contracts and their addresses, the commodity covered and its price, the terms of delivery, and the amount and kind of margin deposited. Such record shall be kept for a period of 3 years from the date of the transaction and shall at all times be open to the inspection of any representative of any agency of the United States designated for the purpose by the President.

"'(E) For the purposes of this paragraph (5) the term "commodity" shall mean, in addition to those commodities specifically mentioned in section 2 (a) of this act, any other agricultural or forest product or byproduct.

"'(F) For the efficient execution of the provisions of this paragraph (5), the provisions of section 21 of the Securities Exchange Act of 1934 (48 Stat. 899), as amended, are made applicable to the jurisdiction, powers, and duties of the President in administering and enforcing the provisions of this paragraph (5) and to any person subject thereto.

"'(G) Sections 4a and 4i of this act are extended and made applicable to any commodity as defined in (E) above, and for the purposes of this paragraph (5) the term "contract market" as used in sections 4a and 4i shall be deemed to mean Board of Trade.'

"TITLE VII—GENERAL PROVISIONS

"SEC. 701. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this act.

"(b) In order to carry out this policy—

"(i) The President shall provide small-business enterprises with full information concerning the provisions of this act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this act;

"(ii) Such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations or orders, or amendments thereto, issued under authority of this act, and in their formation consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

"(iii) In administering this act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this act; and

"(iv) In administering this act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

"SEC. 702. As used in this act—

"(a) The word 'person' shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.

"(b) The word 'materials' shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

"SEC. 703. The President may delegate any power or authority conferred upon him by this act to any officer or agency of the Government, including any new agency or agencies, which are hereby authorized to be created by the President when deemed necessary, and may authorize such redelegations by that officer or agency as the President may deem appropriate. The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix the compensation therefor, without regard to the Classification Act of 1949, as amended, at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the

provisions of this act. Attorneys appointed under this section may appear for and represent the agency in any case in any court.

"SEC. 704. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this act. Any regulation or order under this act may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of this act.

"SEC. 705. (a) The President shall be entitled, while this act is in effect and for a period of 2 years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises of property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority.

"(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided,* That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this act.

"(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"(d) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than 1 year, or both.

"SEC. 706. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this act to enforce any liability or duty created by, or to enjoin any violation of, this act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or such section, or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this act.

"SEC. 707. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to this act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

"SEC. 708. (a) No act or omission to act which occurs while this act is in effect, if requested by the President and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

"(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General not less than 10 days before making any request or finding thereunder.

"(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

"SEC. 709. The functions exercised under this act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

"SEC. 710. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the general schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that act.

"(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U. S. C., sec. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

"(c) The President may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed; and he is authorized to provide by regulation for the exemption of persons whose services are utilized under this subsection from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U. S. C., sec. 99).

"SEC. 711. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this act by the President and such agencies as he may designate or create. Funds made available for the purposes of this act may be allocated or transferred for any of the purposes of this act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this act. Funds so allocated or transferred shall remain available for such period as may be specified in the acts making such funds available.

"SEC. 712. If any provision of this act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

"SEC. 713. This act and all authority conferred hereunder shall terminate at the close of June 30, 1952, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate."

Mr. SPENCE (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that further reading of the substitute amendment be dispensed with, since printed copies of it are available to the membership.

Mr. WOLCOTT. Mr. Chairman, reserving the right to object, may I inquire of the chairman of the Committee on Banking and Currency whether in substance the substitute which he has offered contains the language of the bill H. R. 9280, introduced by the gentleman from North Carolina [Mr. DEANE].

Mr. SPENCE. No; it is not.

Mr. WOLCOTT. May I then propound another inquiry: With the exception, as I understand it, of the addition of price controls, wage controls, and rationing, does the bill differ from the bill as reported out of the committee?

Mr. SPENCE. The bill as reported out of committee is contained in this bill.

Mr. WOLCOTT. And in addition to that, what else is contained in it?

Mr. SPENCE. Plus rationing, price controls, wage controls, and a provision for the settlement of labor disputes.

Mr. WOLCOTT. Mr. Chairman, there is a great deal of confusion incident to these three proposals, and inasmuch as we have had absolutely no opportunity, and as a matter of fact, I do not now have a copy of this amendment which is being offered as a substitute by the gentleman from Kentucky, which I had assumed was along the line of the DEANE bill, and which I was following down to the point where the gentleman asked unanimous consent to dispense with further reading of the amendment, it is almost identical with the Deane bill. We have the Deane bill before us and if the substitute amendment were the Deane bill, we might not have to have it read. But if it differs from the Deane bill and inasmuch as we have not been furnished with a copy of the substitute amendment, and will have no opportunity whatsoever to mark the bill up while it is being read, then perhaps we should give more consideration to having it read so that we will know what it is about.

Mr. SPENCE. The only differences between this bill and the Deane bill are titles IV and V.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. HALLECK. Mr. Chairman, it now appears that the statement I made yesterday during the debate that there would very likely be a Spence substitute was correct, since that has now come to pass. I cannot help but comment on the very obvious fact that we find ourselves indeed in a deplorable situation. Here is a completely new bill in many of its titles that we will be called upon to act today. No one has had a chance to see it. Certainly it should be open for amendment, and undoubtedly should be amended in many particulars. But under this sort of procedure, what fair chance does the House of Representatives have to find out what is in the bill and to prepare amendments to the bill and to offer them? Under the mechanics and under the parliamentary situation, the vote will come finally on the substitute which is offered against the pending substitute, and if this substitute is adopted——

The regular order was demanded.

Mr. MARTIN of Massachusetts. Mr. Chairman, who has the floor?

Mr. WOLCOTT. I have yielded to the gentleman from Indiana.

The CHAIRMAN. The gentleman from Michigan [Mr. WOLCOTT] has the floor, under reservation of objection.

Mr. HALLECK. And the gentleman has yielded to me, so at the moment I have the floor.

The CHAIRMAN. The gentleman is correct.

Mr. HALLECK. If I may proceed, under the parliamentary situation, the vote will come on this substitute that is presently being offered as a substitute for the Kunkel substitute, and if it is adopted there will be no further opportunity to amend it. If I am in error in that, I ask to be corrected. However, I know I am right about it. In other words, we must immediately start to the amending stage of the substitute that is here presented, and I say that is a poor way to legislate. If the administration leaders in the executive branch and here in the House of Representatives intended to have this sort of bill, they should have had it before us so that we might have looked at it and legislated fairly and honestly and decently for the best interests of the country.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. PACE. Mr. Chairman, I object. I want time to read the bill.

The CHAIRMAN. Objection is heard. The Clerk will read.

Mr. CELLER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CELLER. After the substitute, can there be any amendment offered to the Spence substitute?

The CHAIRMAN. There can be. One amendment could be offered.

The Clerk will continue reading the amendment.

The Clerk continued the reading of the substitute.

Mr. SPENCE (interrupting the reading of the substitute). Mr. Chairman, I am afraid from the debate that some of the gentlemen do not understand that this bill has been printed. This substitute is available to all Members. We have it on our desk and there are some over at the Clerk's desk. The Members may obtain printed copies of this substitute.

Mr. Chairman, I ask unanimous consent that the further reading of the substitute be dispensed with, with the exception of titles IV and V.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. WOLCOTT. Mr. Chairman, reserving the right to object, I have just been handed what purports to be a committee print which I asume the Clerk is reading; is that correct?

The CHAIRMAN. That is correct.

Mr. WOLCOTT. May I ask the gentleman from Kentucky whether the committee ever met and authorized this committee print?

Mr. SPENCE. Well, I do not think the committee ever met and authorized the committee print.

Mr. WOLCOTT. No. Further reserving the right to object, I want to call attention to the fact that this is the first intimation we have had that the gentleman was going to introduce a substitute. I think we had a right to assume from the statements made yesterday that the bill as reported out of the committee was going to be the gentleman's position. I do not think it is hardly in keeping with good parliamentary procedure to try to take us as much by surprise as you have done this morning. If we had even the substance of this proposal last night we might be in position to save a lot of time on this bill today.

Mr. SPENCE. We have a very illustrious precedent, even if we did not give the other side any notice, because the Kunkel amendment to the bill was considered in the committee. It was offered without anybody having any notice of it, without anybody having any knowledge of its provisions. If we are going to follow precedent, we have a much stronger precedent.

Mr. WOLCOTT. In answer to that, may I call the gentleman's attention to the fact that the committee did not adopt the Kunkel amendment, perhaps for the reason that the gentleman has stated; so the gentleman has justified the position which we take. We want to find out what is in this before we vote on it. This Kunkel amendment was offered in committee, it was fair in the committee and it was fair in the House to offer the amendment last night in order that all of the Members might know what is in the amendment. I think the gentleman should have done likewise.

Mr. PICKETT. Mr. Chairman, reserving the right to object, the situation that confronts us in this Congress and in the world is one that should require serious consideration of every proposal under the circumstances. I would like to give it my serious consideration and because I have not had time to look at this proposal that is now pending and being read, I object to the request of the gentleman from Kentucky.

The Clerk continued the reading of the substitute.

Mr. CASE of South Dakota (interrupting reading of the substitute). Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. Mr. Chairman, I make the point of order that when a substitute is pending, and the Kunkel amendment was offered in the nature of a substitute, a second substitute may not be considered until the first substitute is disposed of.

The CHAIRMAN. Under the rule under which this bill is being considered, the committee amendment printed in the bill is being considered as an original bill; therefore, it was in order to offer an amendment to that original bill. This is a substitute for the Kunkel amendment. The point of order is overruled.

Mr. CASE of South Dakota. Was not the Kunkel amendment offered in the nature of a substitute, it having been an amendment to strike out the original Spence bill?

The CHAIRMAN. That was an original amendment and it was in order to offer a substitute, which was offered by the gentleman from Kentucky. The point of order is overruled.

Mr. CANFIELD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CANFIELD. Where can a copy of the report on this substitute be obtained?

The CHAIRMAN. That is not a parliamentary inquiry. The Chair assumes the gentleman may obtain them where they are usually obtained.

The Clerk continued the reading of the substitute.

Mr. TABER. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. I make the point of order that the amendment violates the provisions of section 4 of rule 21, which I should like to read:

No bill or joint resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations, nor shall an amendment proposing an appropriation be in order during the consideration of a bill or joint resolution reported by a committee not having that jurisdiction. A question of order on an appropriation in any such bill, joint resolution, or amendment thereto may be raised at any time.

The CHAIRMAN. Will the gentleman from New York point out the specific language in the bill to which he objects?

Mr. TABER. I call the Chair's attention to page 7, lines 18 to 23:

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

Page 11, lines 1 to 10:

The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the obligations of any corporation hereunder.

Page 48, lines 8 to 14:

Funds made available for the purposes of this act may be allocated or transferred for any of the purposes of this act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this act. Funds so allocated or transferred shall remain available for such period as may be specified in the acts making such funds available.

Every one of those items that I have referred to constitute an appropriation, and every one of them is in violation of the provisions of clause 4 rule XXI.

This whole question was thoroughly covered at the time the first bill for the reorganization of the Government was up for consideration and a point of order was sustained. Unless the Chair desires some further information, that presents the situation.

The CHAIRMAN. Does the gentleman from Kentucky desire to be heard on the point of order?

Mr. SPENCE. Mr. Chairman, I may say there was the same provision in the housing bill considered last year. A point of order was raised with respect to the public debt transactions and the point of order was overruled in that instance.

Mr. CASE of South Dakota. Mr. Chairman, it is true that the point of order was raised in connection with consideration of the housing bill with respect to language similar to that which appears on page 11 dealing with public debt transactions. Having made the point of order I remember rather regretfully that the point of order was not sustained. However, what may have applied to that would not apply to the language appearing on page 7.

The paragraph cited by the gentleman from New York on page 7 is purely a reappropriation. The language reads:

Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it.

Right at that point, that is clearly a reappropriation.

On page 71 of Cannon's Procedure in the House of Representatives, there are several precedents cited on this point. For example under "What Constitutes an Appropriation Under the Rule," there is the following:

Legislative direction that funds previously appropriated be used for a purpose not specified in the original appropriation (VIII, 2147).

Further:

Proposition to reappropriate or make available appropriations or parts of appropriations previously made or to divert such appropriation to any other urpose than that for which originally made.

Precedent cited: VII, 2146.

Clearly the language there used in lines 19 and 20 making available funds heretofore appropriated, constitutes a reappropriation and as such is a violation of the rules.

Mr. SPENCE. I would like to inquire if the gentleman's point of order is made against that language.

Mr. TABER. The point of order is made to the entire substitute.

Mr. SPENCE. I intend to make the same point of order against the Kunkel amendment.

Mr. FURCOLO. Mr. Chairman, I desire to be heard.

Mr. Chairman, with reference to the comments made by the gentleman from South Dakota about an appropriation, I think the language in line 11 must be read in connection with the words "to it" in line 21. As I understood the gentleman's point, he indicated this would be perhaps a new appropriation, but if it is read in connection with that language it is not.

Mr. CASE of South Dakota. It is the fact that it is a reappropriation of funds appropriated for other purposes, and a proposal to appropriate for a purpose not contained in the original amendment.

Mr. FURCOLO. If you take into account the words "to it" that changes it.

Mr. McCORMACK. Mr. Chairman, in connection with that portion of the point of order which relates to page 11 and the point of order on page 48, I remember well when that question was raised last year in the Housing Act, because I participated in the discussion that took place at that time. The question then involved was squarely the same one, as I remember, that is involved on page 11. At that time it was ruled, and in my opinion properly so, that it was not an appropriation on an authorization bill, or an appropriation in connection with any kind of organic legislation in the bill pending at that time.

It seems to me that the provision on page 48, included in the point of order raised by my friend from New York, relates back to page 11, and it is very clear that those portions of his point of order have been passed upon before.

It seems to me that those two parts of his points of order are not the meat of his point of order, and that the provision on page 11 and the provision on page 48 are clearly in order and germane in a bill of this kind.

So far as page 7 is concerned, lines 18 to 23, which read "Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense" seems to me to be the meat of the situation and not the other parts of the points of order raised by my distinguished friend from New York.

Therefore, the question is whether or not the language appearing in lines 18 to 23 constitutes an appropriation on a legislative bill. I am frank in stating that it is a very close decision as far as that provision is concerned, but as far as the other two provisions are concerned, it is very plain and very apparent to me that the point of order would not lie.

The CHAIRMAN (Mr. SMITH of Virginia.) The Chair is ready to rule.

With respect to the point of order raised by the gentleman from New York against the language on page 48 of the bill, section 711, that language reads, "There are hereby authorized to be appropriated." No funds are appropriated under that section, but there is a provision for the allocation of funds which may in the future be authorized and appropriated. For that reason, the Chair is of the opinion that that point of order should be overruled, and does overrule it.

With respect to the point of order raised by the gentleman from New York to the language on page 11, lines 1 to 10, the Chair finds that the identical language has already been ruled upon in the consideration of the Housing Act of 1949, H. R. 4009. Chairman BOGGS on June 27, 1949, RECORD page 8538, overruled the point of order as to that language, and the present occupant of the chair sustains that rule.

As to the language on page 7, lines 18 to 23, against which a point of order was raised, the Chair is of the opinion that the language there does constitute an appropriation in violation of the rule cited by the gentleman from New York, and accordingly sustains the point of order against the amendment on account of that objectionable language.

Mr. SPENCE. Mr. Chairman, I reoffer the amendment with that objectionable language stricken out.

The CHAIRMAN. The gentleman from Kentucky offers an amendment which the Clerk will report.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that the reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. WOLCOTT. Reserving the right to object, Mr. Chairman, it is my purpose as soon as the gentleman from Kentucky has been recognized on the amendment and it is in order, to move that the Committee rise, in order that we may have an opportunity to study this in the light of the changes which have obviously been made. I call attention to the fact also that on one page of the amendment he is now offering he has left out at least five lines. We surely do not want to legislate in that respect. So I think that for the time being the amendment should be read, at least until someone has an opportunity to correct the very obvious language errors in the bill.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Indiana.

Mr. HALLECK. If the Members of the House will look at page 31 of the Spence substitute, line 21, and compare that with the committee bill that is pending before us, they will discover that six lines have been dropped out in this committee bill.

I have heard of being presented with things that did not even have the ink dry, but if you rub your finger over this new substitute bill offered by the gentleman from Kentucky [Mr. SPENCE] you will find the ink is not even dry. Certainly if it is here under such careless circumstances that six lines have been dropped out so that now there are sentences in the bill which make no sense at all, we had better look at it before we begin legislating and doing something that no one knows how long we will have to live with.

No one wants to delay action on this important matter in any way, but at the same time we had better get this right and legislate as our responsibility dictates we should. I submit this is not the way to do it.

Mr. McCORMACK. Mr. Chairman, reserving the right to object, this is a tmost unusual procedure. Of course the gentleman from Michigan [Mr. WOLCOTT] has served notice that he intends to offer a motion that the Committee rise, and thereby take over control, so far as this is concerned, which is most unusual, because we never did that during the Eightieth Congress. However, that is his privilege. During the debate the amendment will be discussed and explained. There is not going to be any attempt to limit debate. I hope if such a motion is made that the Committee will not rise, and that we will proceed with the consideration of this bill.

The present situation arose, and we must be frank about it, as a result of certain Members offering mandatory price controls and wage and salary ceilings, and so forth, and apparently the source of those proposals are very much disturbed themselves, and they apparently do not know where they are at. They are very much divided. So far as I can see from my reading of the Kunkel bill, it has been revised on at least three occasions. Of course the gentleman has a perfect right to do that. The uncertainty is not on this side. The plain question here is as between the Kunkel substitute and the Committee substitute which we call the Committee bill, as amended by certain standby controls or authority granted to the President. That is the question.

As debate goes along, that could be brought out. It seems to me it will do no good for the Committee to rise, and I hope that the Committee will defeat any such motion.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. MICHENER. Mr. Chairman, there is confusion. The speech just made by the distinguished majority leader demonstrates that.

Mr. McCORMACK. Demonstrates what?

Mr. MICHENER. That there is confusion on the floor.

Mr. McCORMACK. Not on our side, but on your side; that is where I said the confusion was. As a matter of fact, you are very much disturbed, from what I can see. You do not—well, I do not want to go too far, but you do not know just where you are. You are all divided.

Mr. MICHENER. Yes, that is true.

Mr. McCORMACK. That is true? I am glad my friend admits that that is true.

Mr. MICHENER. Will the gentleman yield?

Mr. McCORMACK. Of course I yield.

Mr. MICHENER. That is true. But the committee brought out a bill, and it was alleged by some when the bill was brought out that the committee was in confusion. Members of the committee said it was not in confusion, and that it understood thoroughly what we were doing. So we took up the committee bill and we had not proceeded but a few steps before there was confusion worse confounded on your side and on our side and on everybody's side.

In order to overcome some of that confusion there was brought in another bill, the Spence substitute, which is entirely different, which again compounds the confusion, and we are certainly in a state of general confusion right now. The committee bill, the Kunkel substitute, and now the Spence substitute, which we have never seen or read.

Mr. McCORMACK. I do not admit that all of the House is in confusion. I can see that most, but not all; but most of your side is in confusion.

Mr. MICHENER. I will admit I am confused. If the gentleman is not, he must have looked at a crystal ball——

Mr. McCORMACK. Oh, now, now. My friend is too generous. I cannot accept his generosity.

Mr. MICHENER. I do not mean to impugn any——

Mr. McCORMACK. Of course not, but a little flattery or a little facetiousness, you know.

Mr. MICHENER. But we are confronted with a condition and not with a theory. The gentleman is quite right parliamentarily when he appeals to his majority colleagues not to permit the motion of the gentleman on the Republican side that the Committee rise to prevail, because that loses leadership on the part of the party in power. Under those circumstances—granting that we are all confused and that 24 hours might save the Nation a whole lot of trouble and confusion—why does the gentleman not ask unanimous consent that this matter be put over until tomorrow, so that we all may read the bill that we are going to be asked to vote upon, and so that all of us who are confused will have some little idea of what it is all about? It seems to me that that is the common-sense method of legislating. That is all I want.

I hope to go along with a bill agreed upon by the House; but I do think the gentleman would render a service if he came out and said, "We do not thoroughly understand, and therefore we want to do the thing right."

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. MICHENER. I yield.

Mr. RAYBURN. If the confusion is so much and so confounded, does not the gentleman think that we should at least take the remainder of today and, if necessary, all of tomorrow, in debating this thing, to see if we cannot get unconfounded?

Mr. MICHENER. My answer to that is this: There are 48 pages in this bill that no one has read. The ink is not dry on it. The Speaker remembers well in days gone by when the House passed bills without even reading them. They were just brought in and the House told that, "This is an emergency and the bill must be passed," and the House not even permitted to read it, or to know what was in it. The Supreme Court declared the WRA unconstitutional. Possibly it would not have done that had the House had an opportunity to read the bill and know something about it.

Now, I appeal to the Speaker: You have the power and you have the votes. We are in the minority. We have had these fights in days gone by, but let us be fair and let us be generous and let us act in behalf of all of the people and not in a partisan manner between the Republicans and Democrats. Let us adjourn so that we may read this bill through and come back in the morning and pass a bill.

Mr. McCORMACK. The gentleman from Michigan served notice of his motion. This procedure is well understood in this House. The gentleman served notice, and the first I knew, as majority leader, of any intention was when he served that notice. He did not have to do that, but I know this much,

that I would feel very much distressed if the ranking minority member of a committee in the Eightieth Congress did not let the leadership on the other side know of such an intention.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I will yield in a minute. My friend from Michigan, whom I respect very much, I deeply respect him—there is nothing at all political about my position, but all I am seeking is to proceed in an orderly way, as we have always done. It seems to me if we proceed with the debate, and there will be no attempt made to close debate, because we all recognize it is a very important matter; the Kunkel amendment and the substitute, of which there are about 19 pages of new matter, can be considered, explained, and the Members will come to understand what is in there far better. As far as the bill is concerned, it seems to me that we ought to approach this to get it through after proper debate as quickly as we can because it is a measure of great importance.

Mr. MICHENER. There is no question about that.

Mr. McCORMACK. Certainly we should meet it head-on; we should go ahead and debate the amendment and study it as we go along.

Mr. MICHENER. But there are some of us who would like to read the bill and know what we are debating. Now, if we must sit here and listen to debate about something that we have never read, about which we have no knowledge, I say it is wrong parliamentarily, and it is wrong morally.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Indiana.

Mr. HALLECK. We talk about debate, we are now in debate under the 5-minute rule; we are now at the amendment stage. General debate has expired.

In respect to this substitute, I take it that the Spence substitute is offered with the idea that it will be supported on the majority side and will become the law of the land subject to action in the other body; so it is not a matter of debate; we are here now working under the 5-minute rule in the amendment stage on a proposal of far-reaching consequence. I may say to the gentleman that I have read the bill through as hastily as I could.

Mr. McCORMACK. Not as far-reaching as the Kunkel substitute, not as far-reaching as that.

Mr. HALLECK. May I say also in respect to the matter of confusion that the majority leader is more than a little confused, as confused as everybody else, specifically on the subject of mandatory controls, and the chairman of the committee himself is a little confused when he states that the provisions of the bill that dealt with that, and the provision contained in the committee bill presently before us are the same in this substitute. The fact of the business is they are not. You will find place after place where there are changes in the provisions of the bill as reported.

Mr. McCORMACK. Will the gentleman cite instances?

Mr. HALLECK. Yes. I daresay there is not a member of the committee on the Democratic side who knows that is in this substitute.

Mr. COX. Mr. Chairman, may I inquire who has the floor?

The CHAIRMAN. The gentleman from Massachusetts has the floor.

Mr. COX. Will the gentleman from Massachusetts yield to me?

Mr. McCORMACK. I yield to the gentleman from Georgia.

Mr. COX. It ought to be perfectly apparent to everyone that this House at the moment is not in position to act intelligently on any sort of proposal that may be now pending. This being so I wonder if the gentleman from Michigan would not yield to someone on the majority side to move that the Committee rise until tomorrow? I wish to say that it is just as much the responsibility of a Member of the minority to get good legislation as it is the responsibility of a Member of the majority to get good legislation.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. WOLCOTT. It is our desire that we should.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. BROWN of Georgia. I thoroughly understand this confusion. The gentleman knows that I am for the original bill because that is what our war leaders want now, and I think we ought to take that bill up, amend it, and then meet tomorrow and take up the control of prices and wages and work out a good bill. I think that would be the satisfactory thing to do.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. MICHENER. If the majority leader will submit a unanimous consent request in behalf of good legislation it would take the place of any motion and I am sure no one will object.

Mr. RAYBURN. What motion?

Mr. McCORMACK. What was the gentleman's request?

Mr. MICHENER. My suggestion is that the majority leader acting in his usual wise way and fair way, will recognize that the condition is such, and as suggested by the gentleman from Georgia, we are in no mood to legislate. God knows I want to do the right thing; the same is true of other Members. We should know what we were voting on. We should at least have an opportunity to read the bill before we are asked to vote on it.

If the majority leader will ask unanimous consent, he will not lose anything politically, he will still control the House, and we will go along with him.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. Mr. Chairman, I believe we are working on probably the most difficult bill that will ever face the Eighty-first Congress. I have had some experience in price-control legislation; I know what the change of one or two words in a price control could mean to blotting out an entire industry. My record on price control is pretty good. I was one of the 87 who went along with the original Baruch price control bill, when it was offered in 1941 by my distinguished colleague the gentleman from Tennessee [Hon. ALBERT GORE]. I believe perhaps by good committee action we can work out the right kind of a bill. I am inclined to believe we need stronger controls over prices and wages, and ought to pass something at least in a standby way.

But we have not had a chance to have hearings on this important phase of legislation on over-all controls or the langauge that goes into an over-all control. We have before us a bill, an original bill that was reported by the committee 20 to 1, to give the President emergency credit control provisions that he says he needs to stop speculative rises in the market. Any inflation control legislation requires credit controls. In other words, it calls out one company of the fire department. Now, let us give to the President these credit controls now so that one company can be called out to work on the fire that is burning today and let the Committee on Banking and Currency tomorrow start adequate hearings to know where we are going and what language is needed in order to get a decent over-all price control bill.

Mrs. BOLTON of Ohio. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentlewoman from Ohio.

Mrs. BOLTON of Ohio. Mr. Chairman, the situation we are faced with here would indicate that there is wisdom in the amendment that I intend to offer. This amendment provides for a general temporary freezing as of the period between June 10 and 25. This would give time to permit everyone to think through the needs and evaluate the controls we all know may be required for years to come. To act with the unseemly haste now expected of us is unthinkable. Certainly the country has the right to expect this House to use more judgment than is being demonstrated here at the moment. Were we to freeze everything for a temporary period, opportunity would be there for sanity and calm consideration of what is best for this country.

Mr. Chairman, as I said late yesterday, our action on this bill and the various substitutes offered is of vital moment not only to ourselves, but also to the future of this free country and because of her position of leadership among the nations, to the fate of mankind. I would urge upon this committee the wisdom to so rewrite the legislation that a temporary freezing straight across all boards may take place, that during the time needed by the President to make decisions relative to the use of such power as may be given him, there may be an end to the spiralling of prices that has already begun.

Mr. JENSEN. I want to say that I am in complete harmony with the thinking of the gentlewoman from Ohio.

Mr. McCORMACK. Mr. Chairman, this is just a little illustration of why the process of screening through the leadership of both parties is of great importance, and custom has shown its value. My friend from Michigan served notice, which was the first we knew. There is no criticism. He is within his rights. But if the leadership on your side had conferred with us, that is one thing. There is one thing that the leadership, no matter who they are, in control of this body always falls over backward to do; it is to preserve the rights of the minority. That is vitally important in a democracy, no matter what party may be in control. In the Eightieth Congress your leadership did it for us. But it is a question of the leadership having a meeting of the minds.

I might state to the committee that we have had a little conference here on the floor and we have agreed to proceed with the debate under the 5-minute rule, but there will be no votes. For all practical purposes this afternoon will be devoted to general debate.

Mr. MARTIN of Massachusetts. There will be no vote on any single amendment?

Mr. McCORMACK. No vote on any substitute or any amendment thereto. The debate will go on this afternoon and we will proceed tomorrow. This accomplishes everything desired and we can proceed with debate, which is very vital and important.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan

Mr. WOLCOTT. May I say to the gentlema I did not take the time, even had I had the opportunity, to explain my reason for giving notice that a motion would be made that the committee rise. But I had in mind exactly what has been going on here right now. I think that the gentleman is always fair and he appreciates that the motion would have been predicated upon a desire to study the bill and to more fully understand it. I think the gentleman's solution of it is a correct one to make. It does not make any difference to me whether I study it here on the floor or whether I take it back to my office and study it, so long as I study it. Perhaps more information can be obtained if we remain here and have general debate than if the Committee rises and work it out by ourselves. I am in agreement that that should be done with the understanding, of course, within the parliamentary procedure, that amendments may be offered and points of order may be made, points of order discussed, and so forth, but that no action shall be taken on any amendment today.

Mr. McCORMACK. That is understood. I have stated that.

Mr. WOLCOTT. And that in general we can debate anything within the purview of the legislation.

Mr. McCORMACK. We are under the 5-minute rule, but for all practical purposes it is general debate. There will be no vote. Of course, if there is an amendment offered to either the amendment or the substitute to which any Member feels a point of order lies, he has to make it to protect his rights.

Mr. WOLCOTT. And those amendments will then be printed in the RECORD and voted on tomorrow.

Mr. McCORMACK. There will be no votes on them today.

Mr. WOLCOTT. And this is not to prejudice the offering of any further amendments tomorrow?

Mr. McCORMACK. Of course not.

Mr. CASE of South Dakota. Does that mean then that we may have amendments in the third degree, or more than one amendment?

Mr. WOLCOTT. It is my understanding that amendments will be offered in conformity with parliamentary rules.

Mr. McCORMACK. If any Member wants to offer an amendment which is germane and permissible under the rules, he can offer it, discuss it, but it is not going to be voted upon today.

Mr. MARTIN of Massachusetts. Of course, we expect that all debate is going to be germane to the bill.

Mr. McCORMACK. That is right.

Mr. CASE of South Dakota. Then an amendment can be offered either to the original Kunkel amendment or the Spence substitute?

Mr. McCORMACK. If a Member is going to offer an amendment to the Kunkel amendment or the Spence substitute, we will wait until tomorrow for a vote, because we have agreed there will be no vote today. That is the practical situation.

Mr. HALLECK. Mr. Chairman, if the gentleman will yield, I just wanted to make the suggestion or express the hope that as we go into the debate this afternoon surely some of the Members on the majority side, who presumably have had something to do with preparing this new substitute, and who are supposed to know what is in it, will explain what some of the language in that substitute means.

Mr. McCORMACK. That is the purpose of the debate, of course.

Mr. KUNKEL. Mr. Chairman, if the gentleman will yield, one thing that the gentleman said in his statement that I could not quite agree with, and perhaps I misunderstood him, was that a point of order, if not made against an amendment offered this afternoon, would then be lost.

Mr. McCORMACK. Of course, the gentleman from Massachusetts has no control over that. The rules of the House govern, and if any Member offers an amendment, that is not going to be voted upon, that is the understanding. But, we cannot stop a Member from offering an amendment if it is in order, and if some other Member thinks a point of order lies, it is his duty to make it then. In practical operation, it seems to me no Member will offer an amendment to either the amendment or the substitute until tomorrow, with this understanding.

Mr. KUNKEL. I wanted to bring that point out so that the Members who are not here will know that that is the situation.

Mr. McCORMACK. Only one amendment can be offered to either the amendment or the substitute now without getting into the third degree. Any Member may ask to have printed in the RECORD an amendment he intends to offer tomorrow, but I understand only one amendment can be offered to the Kunkel amendment, and only one amendment offered to the Spence substitute that would be germane, that would be permissive under the rules. So it is not a question of the right of an amendment being offered, because there can only be one offered to each one.

Mr. KUNKEL. One to each bill.

Mr. McCORMACK. Yes.

Mr. MICHENER. Mr. Chairman, if the gentleman will yield, it seems to me we will be more confused. I just picture the Chairman tomorrow when there will be more confusion. If I understand the gentleman correctly, we are going to talk here today—just talk. We are going to be able to offer amendments but we cannot vote on them. We will come in tomorrow and have all those amendments on the desk and have to start all over again. We will have to read each one of them and we will have to have an explanation on each as to what it is. The gentleman may say, "That is not necessary; oh, no. We can just do it the other way." But that is not practical.

Mr. McCORMACK. My friend is too experienced a parliamentarian not to know that having amendments on the desk is one thing and the actual offering of amendments is quite another thing. An amendment may be on the Clerk's desk, but it is not offered until a Member is recognized to offer it and does offer it.

Mr. MICHENER. No amendments are going to be offered, today?

Mr. McCORMACK. I know of no Member that is going to offer an amendment today, but only two amendments could be offered, if Members did want to offer them.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. It seems to me that what the distinguished majority leader is suggesting is that the Chair not put to a vote either of the two amendments which would now be in order; that is, there would now be in order an amendment to the Kunkel amendment and an amendment to the Spence substitute. What the gentleman is saying is that the Chair is not going to put either of those amendments, if offered, to a vote today, so that the only other amendments that would be in order thereafter would be pro forma amendments.

Mr. McCORMACK. In substance that is correct.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky that the reading of the amendment be dispensed with?

There was no objection.

The Spence substitute for the Kunkel amendment is as follows:

Strike out all of the Kunkel amendment and insert the following:

"That this act, divided into titles, may be cited as the 'Defense Production Act of 1950'.

"TABLE OF CONTENTS

"Title I. Priorities and allocations.
"Title II. Authority to requisition.
"Title III. Expansion of productive capacity and supply.
"Title IV. Price and wage stabilization.
"Title V. Settlement of labor disputes.
"Title VI. Control of credit.
"Title VII. General provisions.

"DECLARATION OF POLICY

"SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

"It is the objective of this act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this act to promote the national defense, by meeting, promptly and effectively, the requirements of military and other programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use.

"TITLE I—PRIORITIES AND ALLOCATIONS

"SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

"SEC. 102. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than 1 year, or both.

"TITLE II—AUTHORITY TO REQUISITION

"SEC. 201. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that he has been unable to acquire such property or the use thereof, as the case may be, on fair and reasonable terms, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall promptly be paid 75 percent of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district court of the United States within 3 years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation. Whenever the need for the national defense of any property requisitioned under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided*, That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

"TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

"SEC. 301. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be related to efforts or undertakings on the part of the United States or an agency thereof which are designed to meet the necessities of the national defense.

"(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guaranty and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guaranty made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

"(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations, as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guaranty and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guaranties.

"(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which hereafter may be appropriated or allocated to it for such purposes or for the purpose of meeting the necessities of the national defense.

"SEC. 302. To assist in carrying out the objectives of this act, the President may make provision for loans (including participation in, or guaranties of, loans) to private business enterprises for the expansion of capacity, the development of technological processes, or the production of essential materials. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

"SEC. 303. (a) To assist in carrying out the objectives of this act, the President may make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

"(b) Purchases and commitments to purchase and sales under subsection (a) may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

"(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

"SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

"(b) Any corporation created under this section—

"(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

"(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

"(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to act of Congress; and

"(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said act.

"(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out its functions under this title: *Provided*, That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the obligations of any corporation hereunder.

"TITLE IV—PRICE AND WAGE STABILIZATION

"SEC. 401. It is the intent of Congress to provide stand-by authority necessary to achieve the following purposes in order to promote the national defense; to prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of the Congress that the authority conferred by this title shall be exercised, so far as practicable, in accordance with the policies set forth in section 2 of this act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

"SEC. 402. (a) Whenever the President shall find it necessary or appropriate to carry out the purposes of this title he may issue regulations or orders—

"(1) establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery or, the purchase or receipt, by or to any person of any material or service: *Provided*, That the term 'rental' as used in this title shall not include the lease or rental of real property.

"(2) establishing a ceiling or ceilings on any salary, wage, or other compensation paid to or received by any person, for any type of employment. Such ceilings shall apply regardless of any obligation heretofore or hereafter incurred except as provided in section 402 (e).

"(b) The President may designate the materials, services, or types of employment to which specified ceilings will apply or he may prescribe a general ceiling for all materials, or services, or for all types of employment. So far as practicable, in establishing any ceiling, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to salaries, wages, or other compensations, prevailing during the period from May 24, 1950, to June 24, 1950, inclusive. In establishing price or wage ceilings the President shall give due considerations to the national effort to achieve maximum production in furtherance of the objectives of this act. In determining and adjusting ceilings on prices with respect to materials and services he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or service, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or persons performing such services, subsequent to June 24, 1950. In determining and adjusting ceilings on salaries, wages, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such salaries, wages, or other compensation. Any regulation or order establishing a ceiling or ceilings shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order.

"(c) The President, in or by any regulation or order, may provide exemptions for any materials, or services, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials, or services, or transactions, or types of employment, in order to effectuate the purposes of this title. Where the President so exempts transportation, communication, or public utility services, he may intervene in a proceeding involving the charge for such service in order to carry out the purposes of this title.

"(d) Regulations or orders under this section may be established in such form and manner, may provide for such adjustments and reasonable exceptions, and may contain such requirements, classifications, and differentiations, and such provisions, including provisions relating to types of employment, and quality, speculation, hoarding, standardization, manipulation, simplification, and production by a manufacturer of a required percentage of the less expensive items of his line, and definitions as in the judgment of the President are necessary to effectuate the purposes of this title, or to prevent circumvention or evasion, or facilitate enforcement, of this title or any regulation, order, or requirement thereunder.

"(e) (1) The ceiling applicable in respect of any salary, wage, or other compensation shall not be less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to salaries, wages, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor-Management Relations Act, 1942, as amended, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

"(2) No ceiling shall be established or maintained for any agricultural commodity below the higher of the two following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and (adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials), or (ii) the average price received by producers on June 15, 1950, as determined by the Secretary of Agriculture and (adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials); and no ceiling shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the higher price therefor specified above. Whenever a ceiling has been established under this title with respect to any fresh fruit or any fresh vegetable, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reductions in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such fresh fruit or fresh vegetables. Nothing contained in this act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such act.

"SEC. 403. It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade, to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt, or agree to do any of the foregoing.

"SEC. 404. In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

"SEC. 405. Nothing in this title shall be construed to require any person to sell any material or service, or to perform services.

"SEC. 406. At any time prior to 6 month from the effective date of any regulation or order under this title, or, in the case of new grounds arising after the effective date of any such regulation or order, within 6 months after such new grounds arise, any person subject to any provision of such regulation

or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than 30 days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

"(b) In the administration of this title the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of title VII of this act.

"(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: *Provided, however,* That upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

"(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

"SEC. 407. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within 30 days after such denial, file a complaint with the Emergency Court of Appeals, specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided,* That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complaint in the protest of such evidence and shall be continued in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on the request by the President, any such evidence shall be presented directly to the court.

"(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of the 30 days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such 30 days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

"(c) The Emergency Court of Appeals created by section 204 (c) of the Emergency Price Control Act of 1942, as amended, is hereby continued in existence for the purposes of this title, and the powers heretofore granted by law to the Emergency Court of Appeals are hereby continued for purposes of exercises of the jurisdiction granted by this title.

"(d) Within 30 days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under this title, and of any provision of any such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

"SEC. 408. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 403 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

"(b) Any person who willfully violates any provision of section 403 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than 1 year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

"(c) If any person selling a commodity violates a regulation or order prescribing a ceiling or ceilings, the person who buys such commodity for use or consumption other than in the course of trade or business may, within 1 year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by court, plus whichever of the following sums is greater: (1) Such amount not more than the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, or (2) an amount not less than $25 nor more than $50, as the court in its discretion may determine. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling a commodity violates a regulation or order prescribing a ceiling or ceilings, and the buyer either fails to institute an action under this subsection within 30 days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such 1-year period. If such action is instituted by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered. The President may not institute any action under this subsection on behalf of the United States—

"(1) if the violation arose because the person selling the commodity acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

"(2) if the violation arose out of the sale of a commodity to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

"(d) (1) Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this title and to assure compliance with and provide for the effective enforcement of any

regulation or order issued or which may be issued under this title, he may by regulation or order issue to or require of any person or persons subject to any regulation or order issued under this title, a license as a condition of selling any commodity or commodities with respect to which such regulation or order is applicable. It shall not be necessary for the President to issue a separate license for each commodity or for each regulation or order with respect to which a license is required. No such license shall contain any provision which could not be prescribed by regulation, order, or requirement under this title: *Provided*, That no such license may be required as a condition of selling or distributing (except as waste or scrap) newspapers, periodicals, books, or other printed or written material, or motion pictures, or as a condition of selling radio time: *Provided further*, That no license may be required of any farmer as a condition of selling any agricultural commodity produced by him, and no license may be required of any fisherman as a condition of selling any fishery commodity caught or taken by him: *Provided further*, That in any case in which such a license is required of any person, the President shall not have power to deny to such person a license to sell any commodity or commodities, unless such person already has such a license to sell such commodity or commodities, or unless there is in effect under paragraph (2) of this subsection with respect to such person an order of suspension of a previous license to the extent that such previous license authorized such person to sell such commodity or commodities.

"(2) Whenever in the judgment of the President a person has violated any of the provisions of a license issued under this subsection, or has violated any of the provisions of any regulation, order, or requirement under this title, which is applicable to such person, a warning notice shall be sent by registered mail to such person. If the President has reason to believe that such person has again violated any of the provisions of such license, regulation, order, or requirement after receipt of such warning notice, the President may petition any State or Territorial court of competent jurisdiction, or a district court subject to the limitations hereinafter provided, for an order suspending the license of such person for any period of not more than 12 months. If any such court finds that such person has violated any of the provisions of such license, regulation, order, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation has occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under this title is applicable; but no suspension shall be for a period of more than 12 months, and if the defendant proves that the violation in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation, then in that event no suspension shall be ordered or directed. If any such court finds that such person has violated any of the provisions of such license, regulation, order, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under this title is applicable; but no such suspension shall be for a period of more than 12 months. For the purposes of this subsection, any such proceedings for the suspension of a license may be brought in a district court if the licensee is doing business in more than one State, or if his gross sales exceed $100,000 per annum. Within 30 days after the entry of the judgment or order of any court either suspending a license, or dismissing or denying in whole or in part the President's petition for suspension, an appeal may be taken from such judgment or order in like manner as an appeal may be taken in other cases from a judgment or order of a State, Territorial, or district court, as the case may be. Upon good cause shown, any such order of suspension may be stayed by the appropriate court or any judge thereof in accordance with the applicable practice; and upon written stipulation of the parties to the proceeding for suspension, approved by the trial court, any such order of suspension may be modified, and the license which has been suspended may be restored, upon such terms and conditions as such court shall find reasonable. Any such order of suspension shall be affirmed by the appropriate appellate court if, under the applicable rules of law, the evidence in the record supports a finding that there has been a violation of any provision of such license, and no such suspension, shall confer after receipt of such warning notice. No proceedings for suspension of a license, and no such suspension, shall confer any immunity from any other provision of this title.

"TITLE V—SETTLEMENT OF LABOR DISPUTES

"SEC. 501. It is the intent of Congress, in order to provide for effective price and wage stabilization pursuant to title IV of this act and to maintain uninterrupted production, that there be effective procedures for the settlement of labor disputes affecting national defense.

"SEC. 502. The national policy shall be to place primary reliance upon the parties to any labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement in the national interest. The President is authorized, after consultation with labor and management, to establish such principles and procedures and to take such action as he deems appropriate for the settlement of labor disputes affecting national defense, including the designation of such persons, boards, or commissions as he may deem appropriate to carry out the provisions of this title.

"SEC. 503. In any action which may be taken pursuant to authority provided for in this title, due regard shall be given to terms and conditions of employment established by prevailing collective bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this act. Any such action shall be consistent with the provisions of the Fair Labor Standards Act of 1938, as amended, and other Federal labor standards statutes and with other applicable laws.

"TITLE VI—CONTROL OF CREDIT

"SUBTITLE A—CONSUMER AND REAL ESTATE CREDIT

"SEC. 601. (a) To assist in carrying out the purposes of this act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer and real estate credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of our fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements (1) the level and trend of consumer and real estate credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

"(b) No person shall extend or maintain any credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

"(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than 1 year, or both.

"(d) To assist in carrying out the purposes of this subtitle, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case or orders of the Securities and Exchange Commission under that act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

"(e) Any restrictions for real estate credit for home construction shall not restrict loans made by private lenders to any percentage of value or maturity less than the maximum authorized for any loans authorized to be made, insured, or guaranteed by the Government or any Government-owned agency or instrumentality, nor shall any restriction otherwise discriminate in favor of Government loans or Government insured or guaranteed loans against private loans for home construction.

"(f) For the purposes of this subtitle, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, and accounting terms, insofar as any such definitions are not inconsistent with the provisions of this subtitle:

"(1) 'Consumer credit' means credit which the obligor undertakes to pay in two or more

payments, or any other credit: *Provided,* That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any accessory, insurance, or service connected with any such goods or any interest therein.

"(2) 'Real estate credit' means credit secured, either wholly or partly, by real property; credit for the purpose of purchasing or carrying real property or constructing buildings or otherwise improving real property; and credit involving a right to acquire or use real property. As used in this paragraph the term "real property" includes leasehold and other interests therein.

"(3) 'Credit' means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

"(4) 'Person,' in addition to the definition given it by section 702 (a) of this act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the criminal penalties of this subtitle shall not be applicable to the United States, any State, or other governmental agency or instrumentality.

"SEC. 402. To assist in carrying out the objectives of this act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided,* That in the exercise of these powers, the President shall give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

"SUBTITLE B—COMMODITY SPECULATION

"SEC. 611. The Commodity Exchange Act, as amended (42 Stat. 998; 49 Stat. 1491; 52 Stat. 205; 54 Stat. 1059), is further amended by inserting at the end of section 4a the following:

"'(5) (A) Whenever the President determines that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations or unwarranted changes in the price of any commodity, he may prescribe rules and regulations governing the margin to be required with respect to the speculative purchase or speculative sale of any such commodity for future delivery, or the maintenance of a speculative position resulting from such purchase or sale, on or subject to the rules of any board of trade, whether or not designated as a contract market under section 5 of this act: *Provided,* That no such rule or regulation shall be applicable to bona fide hedging transactions.

"'(B) It shall be unlawful for any person to buy or sell, or accept orders for the purchase or sale of any such commodity for future delivery, subject to the rules of any board of trade, or maintain or carry a position resulting from such purchase or sale, unless margin funds or securities are deposited and maintained in compliance with the rules and regulations promulgated under this paragraph (5). No floor broker shall be deemed to have violated this paragraph (5) with respect to any transaction in connection with which he has acted solely in the capacity of floor broker.

"'(C) All money, securities, or property deposited as margin shall be handled by the person receiving such margin in compliance with the requirements of section 4d (2), regardless of whether such person is a futures commission merchant as defined in this act and, for the purpose of this provision, the term "contract market," as used in section 4d (2), shall be deemed to mean board of trade.

"'(D) It shall be unlawful for any person to engage in soliciting or accepting orders for the purchase or sale of any commodity for future delivery on any board of trade, whether or not such board of trade is designated as a contract market, unless such person shall keep a record in writing showing the date, the parties to such contracts and their addresses, the commodity covered and its price, the terms of delivery, and the amount and kind of margin deposited. Such record shall be kept for a period of 3 years from the date of the transaction and shall at all times be open to the inspection of any representative of any agency of the United States designated for the purpose by the President.

"'(E) For the purposes of this paragraph (5) the term "commodity" shall mean, in addition to those commodities specifically mentioned in section 2 (a) of this act, any other agricultural or forest product or by-product.

"'(F) For the efficient execution of the provisions of this paragraph (5), the provisions of section 21 of the Securities Exchange Act of 1934 (48 Stat. 899), as amended, are made applicable to the jurisdiction, powers, and duties of the President in administering and enforcing the provisions of this paragraph (5) and to any person subject thereto.

"'(G) Sections 4a and 4i of this act are extended and made applicable to any commodity as defined in (E) above, and for the purposes of this paragraph (5) the term "contract market" as used in sections 4a and 4i shall be deemed to mean Board of Trade.'

"TITLE VII—GENERAL PROVISIONS

"SEC. 701. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this act.

"(b) In order to carry out this policy—

"(i) the President shall provide small-business enterprises with full information concerning the provisions of this act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this act;

"(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations or orders, or amendments thereto, issued under authority of this act, and in their formation consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

"(iii) in administering this act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this act; and

"(iv) in administering this act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

"SEC. 702. As used in this act—

"(a) The word 'person' shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.

"(b) The word 'materials' shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

"SEC. 703. The President may delegate any power or authority conferred upon him by this act to any officer or agency of the Government, including any new agency or agencies, which are hereby authorized to be created by the President when deemed necessary, and may authorize such redelegations by that officer or agency as the President may deem appropriate. The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix the compensation therefor, without regard to the Classification Act of 1949, as amended, at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this act. Attorneys appointed under this section may appear for and represent the agency in any case in any court.

"SEC. 704. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this act. Any regulation or order under this act may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of this act.

"SEC. 705. (a) The President shall be entitled, while this act is in effect and for a period of 2 years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority.

"(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided*, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this act.

"(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"(d) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than 1 year, or both.

"SEC. 706. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this act to enforce any liability or duty created by, or to enjoin any violation of, this act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or such section, or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this act.

"SEC. 707. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to this act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

"SEC. 708. (a) No act or omission to act which occurs while this act is in effect, if requested by the President and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

"(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General not less than 10 days before making any request or finding thereunder.

"(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

"SEC. 709. The functions exercised under this act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

"SEC. 710. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that act.

"(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U. S. C., sec. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

"(c) The President may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed; and he is authorized to provide by regulation for the exemption of persons whose services are utilized under this subsection from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U. S. C., sec. 99).

"SEC. 711. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this act by the President and such agencies as he may designate or create. Funds made available for the purposes of this act may be allocated or transferred for any of the purposes of this act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this act. Funds so allocated or transferred shall remain available for such period as may be specified in the acts making such funds available.

"SEC. 712. If any provision of this act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

"SEC. 713. This act and all authority conferred hereunder shall terminate at the close of June 30, 1952, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate."

Mr. MANSFIELD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MANSFIELD. Did I correctly understand the majority leader to say that we can offer only two amendments to the bill now under consideration—that is, the bill and the substitute?

The CHAIRMAN. The Chair will state that there is an amendment which is known as the Kunkel amendment and a substitute known as the Spence substitute. It would be in order only to have one amendment actually pending to either one of those amendments. Therefore, it will be in order to offer one amendment to either one of those two. They can be offered today, but I understand it to be the mutual agreement that they will not be voted on until tomorrow.

Mr. MANSFIELD. A further parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. MANSFIELD. Is my understanding correct, then, that on the acceptance of either one of these two bills we will be able to offer amendments to the bill which has been acceped by the House?

The CHAIRMAN. No; they have to be perfected before the vote.

Mr. CELLER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CELLER. Mr. Chairman, I intend to offer an amendment to the Spence substitute concerning the antitrust provisions, in pursuance of an urgent request made of me by the Attorney General. Will I be precluded from offering that amendment unless I place that amendment on the desk today, and will it be considered tomorrow?

The CHAIRMAN. Any amendment can be placed on the desk. An amendment placed on the desk will be called up when a gentleman arises and asks for recognition to offer it.

Mr. CELLER. So only one amendment, for example, to the Spence substitute can prevail at one time, and if that

is voted down, another amendment can be offered?

The CHAIRMAN. Under the general rules of the House only one amendment can be pending to the Spence substitute.

Mr. JAVITS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JAVITS. Is it clear now that any number of perfecting amendments to either the Spence or Kunkel substitutes may be offered tomorrow, but only one today?

The CHAIRMAN. Only one may be offered.

Mr. JAVITS. One at a time?

The CHAIRMAN. One at a time. That is under the general rules of the House.

Mr. JAVITS. I thank the chairman.

Mr. BROWN of Ohio. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BROWN of Ohio. Mr. Chairman, I wonder whether it would be in order for the majority leader, if he desires to do so, in order to clear up all the confusion, to ask unanimous consent that the Committee proceed for the balance of the day as under general debate, with the time being equally divided between the gentleman from Kentucky [Mr. SPENCE] and the gentleman from Michigan [Mr. WOLCOTT].

Mr. McCORMACK. May I state to my friend that we are in the Committee of the Whole, and I do not believe that can be done under the rules. That would be a matter coming under the jurisdiction of the House. If we go along the way we are, everything will be all right.

Under the rules, Members will be recognized for 5 minutes and they can ask for 5 minutes more time, and for all practical purposes it will be the same as general debate.

Mr. BROWN of Ohio. I presume that it is in the mind of the majority leader that the Chair will alternate between the two sides in recognizing Members.

Mr. McCORMACK. The majority leader would never undertake to invade the jurisdiction of the Committee of the Whole or the Chairman of the Committee.

The CHAIRMAN. If the Chair may be permitted to do so, the Chair will make this statement. For the balance of the afternoon the Chair will recognize Members under the general rules of the House, under the 5-minute rule, which is usually on a motion to strike out the last word. It is always customary to alternately recognize Members from the majority side and Members of the minority side.

If the gentlemen of the House will just have a little patience we will try to get along for the rest of the day.

Mr. BROWN of Ohio. Mr. Chairman, not only will we have patience, but we do have and will have complete confidence in the nonpartisanship of the Chairman.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. SPENCE], in support of his amendment.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that the Clerk may read a letter.

Mr. WOLCOTT. Mr. Chairman, reserving the right to object, from whom is the letter which the gentleman from Kentucky desires to have read?

Mr. SPENCE. From the President of the United States.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read as follows:

THE WHITE HOUSE,
Washington, August 1, 1950.

The Honorable BRENT SPENCE,
Chairman, House Committee on Banking and Currency, the House of Representatives, Washington, D. C.

DEAR MR. CHAIRMAN: I am writing you in response to your request for my views on the expressed desire of various Members of the House to add to the defense production bill (H. R. 9176) some kind of authority for direct controls over wages, prices, and the distribution of goods to consumers.

It is urgently necessary that the Congress act on the defense production bill without delay. If this measure is enacted promptly, we can do a great deal to ease the economic adjustments which our defense effort will require. At the same time, we can continue, on an expedited but careful basis, our planning and preparation for other economic controls, if and when needed.

Of course, there is no objection, in these circumstances, to enactment of additional stand-by control powers which the President could invoke when the need arose. Before my message of July 19, I gave careful thought to the desirability of asking at once for stand-by authority to control prices and wages, and to ration at the consumer level. I refrained from making this proposal to the Congress because it seemed more important to obtain quick action on the powers contained in the defense production bill. To have included a request for stand-by controls might, it seems to me, have dangerously delayed enactment of the immediate program, while the Congress considered these broader authorities. My recommendations of July 19, were designed to meet the problems immediately before us.

The Congress, in its judgment, may now want to make price, wage, and rationing controls available, on a stand-by basis, for use if and when needed. But if the Congress were to take this course, the following conditions appear essential.

First. These additional controls should be supplementary to, and not in lieu of, the basic powers already contained in the defense production bill. The production aids and limited controls for which I have asked, are essential now.

Second. We cannot afford to bog down or delay in enacting what is needed at once, and supplementary provisions should be added only if they do not prolong consideration or delay action in either House.

Third. Any provisions relating to prices and wages should not set up a rigid formula or freeze in advance of experience. If these powers are now made available in advance of widespread need, it is simple common sense that they must be written in a form which allows wide discretion and flexibility as to the method and place and timing of application.

Fourth. For the same reason, any grant of price and wage authority should leave open the question of the method of administration. This should remain flexible, because it cannot be separated from the question of the extent to which price and wage controls actually might have to be applied.

If these reasonable conditions can be met, I should have no objection to the granting of authority beyond that requested in my message of July 19. But if, for any reason, these conditions cannot be met, I urge strongly that the Congress move at once to enact the defense production bill without including these additional powers.

Very sincerely yours,

HARRY TRUMAN.

Mr. SPENCE. Mr. Chairman, we have heard a great deal about the methods that have been pursued by the committee and that we have not given the opposition the opportunity to familiarize themselves with the amendment that has been proposed.

I try to be fair with both sides, not because I think it will prevent me from being subject to criticism, but because of the satisfaction it gives me. I think we have been perfectly fair. There was some delay in drawing this substitute. As soon as it was in proper form we endeavored to have it printed so that every Member of the House might have a copy. That is in great contrast to the method that was pursued in the committee when an amendment was proposed without any notice and without any opportunity to read it.

I want fair and honest consideration of this bill. It is a bill that holds in itself much of the destiny of our country. It is a bill that might strengthen our economy and make us better able to fight, not only inflation, the insidious enemy at home, but the enemy that is attacking us on the battlefronts abroad.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. Not at the present time. I have only a few minutes.

We have tried to make the bill conform to the President's wishes in some respects. I think he should have respectful consideration by the House because he is charged with the duty of enforcing the provisions of this bill. He has said he did not want anything but the things that were contained in the original bill. He was even criticized for asking for those powers because they might make him a dictator; it was alleged they were powers that were not in conformity with the provisions of the Constitution.

I will tell you where the confusion has arisen. The confusion has arisen from the fact that the minority was determined to give him more powers than he wanted, undefined powers that nobody knew very much about when they were first proposed. That is what all the confusion has arisen about.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I have not time right now.

Mr. HALLECK. We will get the gentleman plenty of time.

Mr. SPENCE. I yield.

Mr. HALLECK. The gentleman says that the minority apparently brought about the confusion that is confronting

us here today. In view of the fact that the Democrats have a majority of 90 or more in the House of Representatives why was the gentleman so concerned about what might have been the purposes or proposals of the minority?

Mr. SPENCE. The minority endeavored to give to the President more powers than he wanted. That was very confusing; that was just as confusing as the Greeks bearing gifts. After criticizing the President for wanting the powers he asked for, and after trying to whittle them away, then they attempted to give the President far more power than he asked for and more power than he wants now. The President has said that there are no shortages, yet they give him the power to ration. You do not ration plenty; you ration shortages; you ration scarcities. The President says there is no scarcity, yet you thrust upon him this power. He can use it if he wants to. He says he is not averse to taking these powers if they are stand-by powers.

The Kunkel bill freezes wages and salaries by act of Congress; it freezes them and provides penalties for violation, yet there is no machinery provided contemporaneously to take care of that problem.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I cannot yield all the time.

Mr. HALLECK. The gentleman has made a reference to the Kunkel bill that just does not square up with the bill that is offered as a substitute.

Mr. SPENCE. Oh, no; it is not. The Kunkel bill is not the same as the bill offered as a substitute; the Kunkel bill as a matter of legislation freezes wages and salaries and provides penalties. The President has no option in that respect at all because it is done by legislative action.

Mr. HALLECK. As a matter of fact——

Mr. SPENCE. I do not yield further.

The Kunkel bill also fixes prices at the wholesale level, but it omits to fix them at the retail level, which are the prices the consumer is interested in.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. PACE. I should like to ask the distinguished chairman if some member of the committee is going to explain the substitute?

Mr. SPENCE. Yes. We explained yesterday the provisions of the original bill. The substitute is very similar.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. COX. I should like to know if the gentleman is for his original bill or if he is for his substitute. Would it be agreeable to accept the original bill and then let the matters that are raised in these substitutes stand for further consideration by some committee?

Mr. SPENCE. Yes; I have stated absolutely that it would be. Let us pass the original bill and have hearings on these other questions; that would be very satisfactory to me, and I said that. It is the exigencies of the occasion that have caused us to do what we have done today.

Mr. COX. I take it that that is the view that is entertained by my colleague and devoted friend from Georgia [Mr. BROWN], an influential member of the gentleman's committee.

Mr. SPENCE. Yes.

Mr. COX. In other words, I take it that the position of the gentleman is that he will accept what the President says he now needs, and that is set out in the gentleman's original bill.

Mr. SPENCE. Yes.

Mr. COX. But if the House, not being satisfied with the provisions of that bill, wants to delegate greater powers, then the gentleman asks that they consider the substitute that he has offered.

Mr. SPENCE. That is it. I think you can see what has arisen. We have a substitute offered by my good friend, the gentleman from Pennsylvania [Mr. KUNKEL], whose sincerity I do not question and for whom I have great respect and friendship.

He has offered his substitute. We felt because of that substitute having been offered that we should offer a substitute which would more nearly conform to the desires of the President with reference to the carrying out of the things that were delegated in that substitute. We felt they were not delegated in the proper way and we felt this was the proper way to give him these powers if they were to be given to him.

Mr. COX. I would not want my position to be misunderstood as a result of the questions I have propounded of the gentleman. I would like to say that the Kunkel substitute comes more nearly being what I think the Congress ought to do than any of the other substitutes.

Mr. SPENCE. I suspected that all along.

Mr. COX. That is right, because I want to be realistic. I know that under the gentleman's bill it is drawn with a view of making it possible that labor shall not be brought under control.

Mr. SPENCE. I think that is a rather strong statement.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Georgia.

Mr. PACE. Is it the gentleman's recommendation to us that we vote down the substitute of the gentleman from Pennsylvania and vote down his substitute, and pass the original bill?

Mr. SPENCE. No. I said that the conditions have made it necessary to introduce our substitute. I would be perfectly willing to have passed the original bill.

Mr. PACE. The committee bill?

Mr. SPENCE. And have hearings on the other things, and report a bill.

Mr. PACE. Vote down everything else and pass the committee bill?

Mr. SPENCE. I am not asking you to do that. The gentleman is making some other propositions with which I do not agree. I am willing to take the original bill, but I am not willing to take the original bill with the Kunkel amendment.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Iowa.

Mr. JENSEN. The gentleman has said that because of the Kunkel substitute he found it necessary to introduce his substitute bill, which he introduced. Now I would like to know who "we" are and who wrote the bill?

Mr. SPENCE. I would like to know who is behind the Kunkel bill, if you want to know that. I think I know. I think the minority was behind the Kunkel bill.

Mr. JENSEN. That is right.

Mr. SPENCE. They wanted to give the President some powers in a way he did not want to use them. When I say "we" on this side, I mean the Democratic majority in the committee.

Mr. JENSEN. The Democratic majority in the committee?

Mr. SPENCE. It seems this is confusion worse than confounded and I shall not yield further.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. COX. Mr. Chairman, I think the gentleman should be given additional opportunity to explain this matter and I therefore ask unanimous consent that he may proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

Mr. POAGE. Mr. Chairman, reserving the right to object, may I ask the chairman of the committee if there will be an opportunity under the present arrangement to offer amendments.

The CHAIRMAN. The gentleman from Georgia asked unanimous consent that the time of the gentleman from Kentucky be extended for 5 minutes.

Mr. POAGE. Mr. Chairman, reserving the right to object, may I ask the chairman of the committee if under the present procedure there will be any way whereby those Members who feel that we ought to impose price controls, wage controls, and the whole gamut of controls at the present time, will have any opportunity to vote upon a proposal to that effect, or have we reached the point on substitutions where all of them simply propose to give stand-by powers without actually imposing these controls?

Mr. SPENCE. It is my understanding, and I do not profess to render any decisions on parliamentary law, that if either one of the amendments or substitutes is adopted, it will be subject to any germane amendment.

Mr. POAGE. Will they be subject to amendment after you have adopted one substitute for another substitute? Does that not preclude the opportunity to offer amendments?

Mr. SPENCE. No, it does not, in my opinion. The expeditious passage of this bill will strengthen our economy, hasten the defeat of our enemies, and add to the extent of our victory.

Mr. KEATING. Mr. Chairman, further reserving the right to object, it

seems to me that the gentleman cannot possibly finish in 5 minutes. I suggest that the extension be for 20 minutes in order that he may explain this bill to us.

The CHAIRMAN. Does the gentleman from Kentucky desire additional time?

Mr. SPENCE. I will take 5 minutes, Mr. Chairman.

The CHAIRMAN. Is there objection to the gentleman from Kentucky continuing for 5 minutes?

Mr. BURDICK. I object, Mr. Chairman.

Mr. HUBER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to ask the distinguished gentleman from Kentucky, and able chairman of the committee, if he can give us any assurance that if this House sees fit to pass legislation limiting wages there will be an opportunity given to limit profits?

Mr. SPENCE. Yes. Any germane amendment, I think, would be in order. Before the bill would be perfected, it would be open for amendment. That is my opinion.

Mr. HUBER. That is most difficult under the present procedure. I just want to say to this House that I am unwilling to limit wages and freeze the salaries of low-income workers in stores or factories and yet allow the manufacturers of munitions and other war goods to become millionaires. If you limit one, you should limit the other. Let us take the profits out of war and do it today.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. HUBER. I yield to the gentleman from Colorado.

Mr. CARROLL. That is one reason I tried to get the chairman of the committee to yield. He has been trying to explain the Kunkel bill, how it freezes the wage level, and he was trying to distinguish the difference between the wholesale price and the consumer price features of the Kunkel and Spence amendments. If you will permit me to continue, the gentleman raises the most important question in the whole bill. We are being asked to freeze prices, and to freeze wages, but what will happen to excess profits? Of course, that whole subject is under temporary consideration by the Committee on Ways and Means and will not be, in my opinion, fully considered for some weeks, if at all. The question then comes up in the Senate whether taxes on excess profits will be considered along with corporation taxes and increases in individual income taxes. Nobody knows. Now, the gentleman has put his finger on the crux of the whole issue before this body, freezing the wage scale without taxing excess profits.

Mr. HUBER. I will say to the gentleman that I have the same feeling. It is necessary and urgent, they say, that we must take this action this afternoon, but next month, or 2 or 3 months from now or next year we eventually will get around to collecting these excess-profits taxes. I wonder if some of these people who are worried about this 24-hour delay are not interested in getting into communication with the pressure groups back home to find out if they have any objections to the proposed bill.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. HUBER. I yield to the gentleman from New York.

Mr. JAVITS. This is stand-by control; the President can push the button. Does not the gentleman feel we ought to have some assurance—and I thoroughly agree with the gentleman from Colorado and the gentleman speaking on excess-profit taxes—from the President that he will not push the button for wage controls unless contemporaneously therewith there is coupled an excess-profits tax? The gentleman must remember that the President under this bill has control of the timing of price-and-wage control.

Mr. HUBER. If we allow the President to send our American boys to death 7,000 miles away, we can give him the right to control excess profits or anything else needed to stop the sacrifice of American boys and bring this emergency to an end.

Mr. CARROLL. I want to make this one point. The gentleman from New York is absolutely correct. It is the real difference between the Kunkel amendment and the substitute offered by the gentleman from Kentucky. This is stand-by legislation. If we put the onus and the responsibililty upon the administration as to when they freeze prices and wages, then it is incumbent upon us to go forward also with an excess-profits program.

Mr. HUBER. I agree with the gentleman.

Mr. JAVITS. I heartily agree with the gentleman speaking.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. BURDICK. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, everyone knows that when war is on and we are mobilized under complete controls under the direction of the President, democracy ceases until the war ends.

If we carry out our theory of being the policeman of the world to settle every dispute among nations anywhere and everywhere, war will not cease so far as the United States is concerned, and controls, even mild at first, will become absolute. The President has not asked for rigid controls at this time and the reason, I suspect, is that he does not think we are at war; that the Korean situation will clear up without further involvment. If he is right in this conclusion, he has, of course, asked for enough controls to carry through on our attempt to settle the dispute in Korea.

I look upon the matter differently—as everyone knows I have been against our getting involved in foreign entanglements for I know that the longest period of peace everywhere in this world since the first page of history was written is a period of less than 3 years. Wars will continue just as long as human nature remains as it is. Wars cannot be stopped by more wars—peace cannot be forced at gun's point for more than a temporary period. As soon as a nation is again ready to pursue war, it will pursue it.

If our policy is to remain as it is now—to quell every uprising or invasion, anywhere in the world, we shall continually remain at war as long as time lasts. Controls will be necessary, of course, because we have human nature here as well as other nations. The tendency in business will be, as it always has been, to exact the last pound of flesh. Hording is a part of human nature. The instinct to live is strongly rooted in the whole human race, and on food products this fear of having no sugar, or anything else will cause people to hoard. This fear deprives people of any consideration for their fellowmen, and if they can get sugar, they are not much concerned with the fact that their neighbors may not be able to get any. So some control is necessary. If we go into all-out control now it would be the proper move if we are in fact to be engaged in another world conflict, but if the Korean situation remains localized, no such controls are necessary.

Congress turned down my proposition which I have worked and voted for—namely to keep out of foreign entanglements. Those entanglements have now embroiled us in the first steps toward a world war—at any rate it has involved us in the Korean war. Since we are at war, regardless of the reasons why we are the fact remains that our boys are being killed and wounded on the battlefield it has become the duty of every American to support them in all things that will protect them as far as a Government now can protect them.

I always considered that our efforts in the United Nations would not produce a deterrant to war. The only contribution made by the United Nations as such is to present a UN flag to our command in the Korean battle front. Where are the men from England, France, and South America? Not a man has showed up except those in English battleships and a few fliers from Australia. We might as well make up our mind that there is not anything to the United Nations in the plan of active force to stop the invasions of weaker governments by more powerful ones. We are, just as I suspected, in a position where we shall have to carry the financial war burden and the manpower burden of any action taken by the United Nations. In other words there seems to be no concerted action of force available except our own.

If we remain at war, which we cannot escape, if we intend to police the world, wartime controls will increase until there will be nothing left of our democratic freedoms. I propose to vote for the power the President has asked for in the original bill but not for any proposition to increase that power.

(Mr. BURDICK asked and was given permission to revise and extend his remarks.)

Mrs. DOUGLAS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, first of all I should like to address a question to the chairman of the Committee on Banking and Currency. Would the gentleman from Kentucky inform me what the plans of the Committee on Banking and Currency are in relation to rent control?

Mr. SPENCE. I may say to the distinguished gentlewoman from California

that if the present conditions increase it is very obvious that we must have rent control. The Committee on Banking and Currency will meet to consider that question in the near future, I think. We have a Rent Control Act now which is still in effect, but I have no doubt it will not be adequate if the inflationary conditions which now prevail as the result of our military activities grow. We will certainly have a hearing on that subject before long if price and wage controls go into effect. Of course, if price and wage controls and the other things in this bill do not go into effect, it would be a futility to have rent control. I think they ought to have complete controls if conditions warrant it.

Mrs. DOUGLAS. In other words, we will not leave Washington until some provision has been made to extend rent controls if they are needed?

Mr. SPENCE. Yes, I will say that is a fair statement of what I think will happen.

Mr. YATES. Mr. Chairman, will the gentlewoman yield?

Mrs. DOUGLAS. I yield to the gentleman from Illinois.

Mr. YATES. I note that the Kunkel bill is supposed to expire in March of 1951. The new Spence bill by its terms in section 13 provides for termination at the close of June 30, 1952. Insofar as the Kunkel bill is concerned, I see no need for consideration of additional rent controls except for those areas which have been decontrolled and which may be subjected to inflationary trends. However, insofar as the Spence bill is concerned, I would think, in view of its termination date, provision should be made in this bill for adequate rent controls throughout the administration of the act.

Mrs. DOUGLAS. Mr. Chairman, the reaction of the American people to the immediate and courageous decision by the President to resist Communist aggression in Korea has been most heartening. I am convinced that most American citizens will respond with equal support to forthright leadership for mobilization on the home front to match our efforts on the fighting front. We can only be strong militarily if we are strong economically. The most important single force for peace in the world today is the productive strength of the United States. The inflation of the last few weeks threatens to interfere with our economic strength. We must move quickly and boldly to prevent the dangers and distortions and weakening forces of inflation which has taken hold so strongly.

President Truman has asked the Congress to appropriate approximately $10,500,000,000 for immediate military needs, $4,000,000,000 for military assistance abroad, and has indicated that further money may be needed. Even before one cent of these funds has been appropriated, much less spent, we have seen what can be done by a few selfish and short-sighted individuals by pushing up prices through hoarding and inventory accumulation and speculation. These self-seeking activities of the few cannot be permitted to endanger the well-being of the many. The Government has the clear responsibility to prevent profiteering and speculation which benefit a small number at the expense of all the people and of the defense effort.

We must not delay one day longer than absolutely necessary in taking all essential steps to prevent further inflation. We all remember how extremely difficult it is to stop inflation, let alone to roll back prices once they have been increased substantially. Every day there is failure to move against inflation, makes more difficult the job of mobilizing our country for an all-out effort.

The rise in prices in recent weeks has been primarily the result of speculative and inventory buying. There is no evidence that this hoarding is at an end. Once defense spending really increases in any substantial amount, such spending piled on top of spending for inventory accumulation and hoarding will aggravate the inflationary pressures and make for even more and larger price increases. Exhortation and patriotic appeals will not be enough to stop this tragic development. Greed on the home front cannot be permitted to run loose and result in fantastic profits for the few while our boys are dying and being wounded on the battlefield. Many veterans of World War II were sorely disillusioned to come home and find so many war-made millionaires. It must not happen again.

I do not believe that the legislation we will vote upon today or tomorrow or the next day is legislation to meet a short-run emergency. I believe we must be prepared for a long, hard pull—maybe 10 to 15 years. To do this we must set our sights high. We must lay our plans now to make our economy strong while we are making our military defenses strong.

The CHAIRMAN. The time of the gentlewoman from California has expired.

Mrs. DOUGLAS. Mr. Chairman, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentlewoman from California?

There was no objection.

Mrs. DOUGLAS. Mr. Chairman, I stand in support of the present defense production bill but also in support of a total program necessary to meet the present demands upon our economy. Such a total program has three main parts.

First, we must have ever-increasing production, in order to meet our defense requirements, the requirements of other nations, and the needs of our own economy. This is the key to a successful program today. H. R. 9176 is designed to see that we meet our production needs.

We must not forget that it was the tremendous increase in our productive capacity and output that spelled success in the last war.

What the Communists really fear, is our productive capacity.

I noticed an item in the paper the other day that the bazooka was manufactured and shipped to Korea in 4 days. That is our great strength, and that is what will win this race between democracy and communism. It is the expansion of our productive capacity that we must look to.

Mr. Chairman, today we are short in electric power capacity in this country. We entered World War II with an excess power capacity of 40 percent. At no time during the war did it drop to less than 18 percent. Today we only have 12 percent excess power capacity. We are short in steel. We were producing at 102 percent of rated capacity even before Korea. Do you remember just before and even during the war, Mr. Chairman, that there were some who hesitated and dragged their feet and opposed any expansion in steel and in the other basic industries? Why? Because they were afraid that they would be left with excess capacity in peacetime. But they were wrong. Instead of excess capacity we have had shortages. Capacity has not been sufficient to meet our ever-growing domestic needs.

Mr. Chairman, this is the point I want to emphasize—expansion of our domestic capacity is the greatest weapon we have in fighting communism.

In the long-range operation of our civilian and defense economy, we need housing, schools, and hospitals. We need to expand the production of power, steel, and aluminum. We need our reclamation and flood-control projects. These are all essential programs in the long pull that is ahead.

Mr. Chairman, because I believe this is a long pull, any sound program must take into consideration our farmers, our wage earners, our shopkeepers, and our independent businessmen. For instance, our defense plans must not shut out small business. Our defense plans must not encourage monopoly.

We must see that the small-business man can make his contribution. We ought to pass immediately H. R. 9243, which is designed to assure that participation of small business in the defense effort.

Stand-by power for the President to enforce rationing and controls over prices and wages is a necessary part of our present defense program and I shall support it. We may need such controls but only as an aid to the increase of our production and to insure that we get the most for our tax dollar. Controls are not an end in themselves. What could OPA have accomplished in the last war without the War Production Board?

We must also have a revised tax program. It is preposterous to talk for 1 minute of imposing price and wage controls without, at the same time, imposing an excess-profits tax. An excess-profits tax is essential even if controls over prices and wages are not now necessary.

The President has already requested a new system of taxes which will raise an additional $5,000,000,000. I am strongly in favor of such an increase. But it is not enough—it is inadequate for our present needs. To meet the inflationary strain placed upon the economy by nearly $15,000,000,000 in defense and foreign-aid expenditures, as they are presently estimated, we need at least a $15,000,000,000 added tax program now. These taxes should be raised from two main sources. The President's program will bring in $5,000,000,000; but more im-

portant, we must reimpose a steep excess-profits tax. That program could raise $10,000,000,000 more. I believe that such excess-profits taxes should be based on current earnings.

A realistic tax program must be geared to fight inflation and to help as much as possible to operate on a pay-as-you-go basis in meeting the expenses of a sound defense effort. Deficits in the Government budget are needed when there is widespread unemployment and inadequate total buying power. A deficit now in the early stages of what promises to be a long and costly defense period makes no sense. Today, and as long as this defense period continues, we need as nearly a balanced budget as we can create.

(Mrs. DOUGLAS asked and was given permission to revise and extend her remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. COX. Mr. Chairman, will the gentleman yield for one question?

Mr. HOFFMAN of Michigan. Well, I am not an encyclopedia.

Mr. COX. I would like to see done, as regards the question that is before us, that which in its statement of policy the Kunkel bill says ought to be done. I am wondering if the bill does that. In other words, the language that I have in mind is this:

It is declared——

Mr. HOFFMAN of Michigan. Mr. Chairman, I ask unanimous consent that my 5 minutes begin when the gentleman from Georgia has concluded.

The CHAIRMAN. Does the gentleman yield to the gentleman from Georgia?

Mr. HOFFMAN of Michigan. How much of my time has expired?

The CHAIRMAN. One-half minute.

Mr. HOFFMAN of Michigan. I yield the other half minute.

Mr. COX (continuing):

It is declared that it is necessary for the national defense and security, and to accomplish the objectives of this act, that if price and supply controls are invoked by the President, wage controls authorized herein shall simultaneously be put into effect.

Can the gentleman inform the committee if the Kunkel bill makes good that declaration of policy?

Mr. HOFFMAN of Michigan. I am very sorry I cannot, but I can call the gentleman's attention to the fact that on page 2, section 2, of the unnumbered bill introduced this afternoon, there is a pledge that whenever anywhere in the world any of the member nations of the United Nations, or those who have subscribed to the Atlantic Pact, get into trouble, that we are to come to their aid and fight their war. That is in there. And also in there is what might be construed, and I think should be construed, as a surrender of the independence of the Republic.

H. R. 9176, the unnumbered bill just submitted and similar proposed legislation we are now considering, each grant to the President arbitrary and unlimited power over all civilian productive activities.

In each is carried the statement that—

This Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations.

That language implies the surrender of our freedom of action as a nation, a pledge to participate in every war in which the Security Council of the United Nations may choose to involve us.

Enacted into law, this type of legislation would give us a government similar to that which now exists in England, where a farmer cannot even turn a furrow, an industrialist manufacture an article, a storekeeper purchase or sell merchandise, unless he complies with bureaucratic rules, orders, or regulations which prescribe to the minutest detail the extent and method of operating.

Even superficial knowledge of what has happened in England under this form of government should cause the rejection of this bill.

If this and similar proposed legislation, because of fear or hysteria, can be put through Congress, the end of the Republic has arrived; Stalin and the Communists need no longer attempt the overthrow of our Government by force or violence.

I cannot, I will not, support any legislation which, in my judgment, by subterfuge ends our form of government, brings about the Communist objective.

The argument is that only under bureaucratic control can our Armed Forces win this war.

No war is justified except as it becomes necessary to protect the liberty of the citizen, the welfare and security of the Republic.

If, to win a war, the freedom and the opportunity of the citizen are destroyed; if, for the form of government under which our Nation has grown great, is substituted either socialism or a dictatorship, then the war, when won, has served no useful purpose.

The war won, our people would find themselves with a military victory, but without the blessings, spiritual and material, which the Republic has given us.

The argument for this form of legislation rests upon several false assumptions.

One is that our people—workers, farmers, businessmen, and industrialists—are so greedy, so selfish, so lacking in patriotism and the willingness to sacrifice, that they will either fail or refuse to contribute to the utmost of their ability to the support of our fighting men.

That assumption is not true. If it be true, we have already lost the war. This was cannot be won unless we have an all-out, united effort.

It is true that in this, as in every other age and land, there are some human jackals who would feed on the sufferings of their fellow man. But they are few in number. Specific legislation, designed to prevent their efforts, to drastically punish violators, can and should be quickly enacted, vigorously enforced.

A few profiteers thrown in jail or, in wartime, publicly whipped, would stop that traitorous activity.

Another false assumption, sometimes unwittingly, entertained by the proponents of this and similar legislation, is that under the direction of the bureaucrats we would the more quickly get larger quantities of better munitions of war than if production and transportation are under the jurisdiction of producers, i. e., workers, farmers, industrialists.

Our military experts never have been, and they are not now, trained—they have never learned by experience—to produce at the lowest cost in the greatest quantity the most efficient munitions of war.

War is always wasteful, for always, if a battle or a war is to be won, there must be available when needed an excess of supplies, and this regardless of the cost.

Common sense and ordinary good judgment as well as experience force the conclusion that those who have had years of training, who have demonstrated their ability, as have those groups, to which I have referred, have the know-how and the facilities to produce the most of the best of the things needed to wage war successfully, and that in the shortest possible time.

The Nation's production crew—individual, group, and as a whole—is the best in the world.

We must proceed upon the assumption that on the whole they are patriotic, willing to sacrifice to support the sons, brothers, fathers, husbands, who have enlisted or been drafted to fight.

Unless that assumption be true, the Communists have already won this war. Without a united effort we cannot win.

Our military experts may or they may not be the best in the world, but they are all we have and, in my judgment, when we become involved in armed conflict, we should permit them, not the State Department, nor any other executive department, nor the politicians, the bankers or the profiteers, to tell the Nation either what it should make, when, where, how or in what quantity it should be produced.

Those at the head of our Armed Forces should tell us what we need, how much, when and where it should be delivered. Then, without any restrictions by rule, order or regulation, those who have heretofore carried the burden of making this Nation what it is should be given the task of producing and transporting, of fulfilling the requests of our military experts.

The power given under this type of legislation, destroying the freedom of the individual, impairing the form of government under which we have grown great, giving added authority to the bureaucrats, is never wholly relinquished.

In my opinion, this type of legislation tends to defeat the only purpose which justifies war, the protection of the liberty of the citizen, the welfare of the Republic.

As stated, it is based upon the false assumption that the bureaucrats know more about production than do the civilians; that the bureaucrats are less

selfish, less greedy, more willing to sacrifice than are others.

There is one other and, to me, a conclusive reason why this proposal should not become law.

It might be defined as the demonstrated incompetency (if not worse) of this administration to deal successfully with any policy, domestic or foreign.

President Roosevelt once told us:

Too often in recent history liberal governments have been wrecked on rocks of loose fiscal policy.

Any government, like any family, can for a year, spend a little more than it earns. But you and I know that a continuation of that habit means the poorhouse.

During the last 5 years of peace and, if judged by the standard of national income, the five most prosperous years in the history of the Republic, this administration has, each and every year except two when the opposition was in power, operated in the red. Proof conclusive either that it did not want to or was incapable of avoiding the rocks, the poorhouse, to which President Roosevelt referred.

The foreign policy which it has followed has been disastrous. This administration, by its foreign policy, has failed to prevent our involvement in this war. By its lack of foresight, it appears to have given us a second Pearl Harbor in Korea. Proof positive that this administration either did not desire or was incapable of establishing peace, avoiding war.

This and the preceding administration coddled and protected Communists—our present enemies—here in America.

This administration in its foreign policy, by design or unwittingly, advanced the interests, increased the power, of the Communists who are now directing the fight against our men in Korea.

To me occurs no reason, to me it seems folly, to entrust to an administration, to a group of individuals, which has failed so miserably at home and in our foreign policy, the direction of this, a supreme, effort to save our Republic.

If the people's representatives, here in Congress assembled, lack the intelligence or the courage to write and successfully enforce legislation which will save us from the dangers now threatened, I know of no way of better announcing that fact to the people than by the passage of this type of legislation.

The people will then have the opportunity, on the 7th day of November, next, of electing a Congress made up of individuals who, regardless of their political affiliation, will act for the preservation of the citizen's liberty, the welfare and security of the Republic.

A Congress which will not shirk the duty, surrender the responsibility imposed upon it by the Constitution.

(Mr. BEALL asked and was given permission to extend his remarks in the RECORD at this point.)

Mr. BEALL. Mr. Chairman, yesterday I received a letter from a constituent, Mr. Charles Z. Heskett, attorney at law, Cumberland, Md., who brought to my attention historical facts which I think a great many of us may have forgotten. In order to refresh our minds, under leave to extend my remarks in the RECORD, I want to include Mr. Heskett's comments.

In the fourth year of the French Republic and after having adopted the third constitution in four years—an instrument which the French described as the most democratic instrument of government ever evolved by man—the French Republic was beset with wars by the Emperor of Austria, the King of Prussia and England. The French Army was in dire straits. The Utopia promised by the Republic had not materialized. Thomas Carlyle records the matter as follows:

"The menacing movements of the people of Paris, who were beset with the reality of famine and the phantom of monopoly, the ravings of Chaumette and Hebert in the commune, compelled the convention (the French Assembly) to make deplorable concessions, which resembled zeal, but which were only weakness. The convention decreed a maximum—that is to say, an arbitrary price—below which no bread, meat, fish, salt, wine, coals, wood, soap, oil, sugar, iron, hides, tobacco, and stuffs could be sold. It fixed likewise the maximum of wages. It was making itself master of all the liberty in commercial transactions, in speculation and labor, which exist only in a state of liberty. It was placing the hand of the state amongst all sellers, all purchasers, all laborers, and all proprietors of the Republic. Such a law could not but produce the concealment of capital, the cessation of work, the langor of all circulation, and the ruin of all."

Does the above legislation have a familiar sound to you? Six years after the enactment of these total war measures, France was governed by an absolute tyrant, namely, Napoleon Bonaparte, who, after his victory at Austrilitz, crowned himself Emperor. Perhaps, a few people in Washington, need to know something about history.

With kindest personal regards.

Very sincerely yours,

CHARLES Z. HESKETT.

Mr. PACE. Mr. Chairman, I ask that there be read in my time an amendment I propose to offer to the Spence amendment when it is before the House for consideration.

The CHAIRMAN. Without objection the Clerk will read the amendment.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. PACE to the amendment offered by Mr. SPENCE: On page 16, after the word "any" in line 17, strike the words "fresh fruit or any fresh vegetable;" and in line 24, after the word "such", strike out in lines 24 and 25 the words "fresh fruit or fresh vegetables" and insert in each instance the words "agricultural commodity."

Mr. PACE. Mr. Chairman, the Spence amendment as now drawn provides that adjustments may be made in the ceiling price of fresh fruits and vegetables if it is found that the producers have encountered unusual increases in cost of production and other factors which result from the hazards occurring in connection with production and marketing. It is difficult for me to understand why that authority should be limited to fresh fruits and vegetables. The producers of the basic storable commodities, wheat, corn, cotton, rice, peanuts and tobacco, may be faced with similar circumstances of unusual cost of production or hazards. The wheat producers can face some unusual condition of production, some disease or rust which will make the portion of the crop they produce bring them much less than the cost of production. Insects, droughts, floods and other disasters can visit any group of farmers regardless of the commodity they produce or whether it is perishable or nonperishable. I am hoping that when the amendment is offered it will be acceptable to the committee to treat the producers of all commodities the same.

I should like to state further, for the information of the committee, that I shall offer an amendment, not yet ready, to page 16, line 7, which seeks to limit the ceiling price of agricultural commodities to either the parity price or the average price received on June 15, 1950. I have been unable to find anybody to tell me what is sacred about June 15, 1950. I shall ask the committee and the House to accord to those who must produce the food and fiber to feed and clothe our people, and doubtless the people in many other lands, the same privilege that they extend to those who work in our industrial plants.

On page 15, the period for determining the wage scale is the period from May 24, 1950, to June 24, 1950. It is difficult for me to understand why the wage earner should get the benefit of the highest wage during a 30-day period, but in the case of the agricultural producer, the man who must feed them all, he is tied down to 1 day, June 15, 1950. I think you will find it will be very unfair to the producers of many agricultural commodities, because you are going to find on that particular day some of them were in a very favorable condition, but on that particular day my limited investigation during the afternoon discloses you are going to find some agricultural producers in a very unfavorable position. So why should we extend to the wage earner, who has my complete sympathy and support, the 30-day period for the highest wage and not extend the same privilege to the agricultural producer who gets his wages out of the commodity which he produces?

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from New York.

Mr. JAVITS. I am concerned about that provision, too, and I would like to ask the gentleman this question: It appears as a fact that there was a very considerable rise in food prices from April 1 to June 15. June 15 is the peak of that rise. Now, I want to ask the gentleman whether or not, in view of the fact that we are trying to get a period before the sensational rise took place in contemplation of what happened in Korea, it would be fair to fix a date for anything, whether labor, prices, or food, preceding the day of these sensational rises in food that started on April 1?

Mr. PACE. I must reply to the gentleman from New York that that is the difficulty the agricultural producers are in. The food rises the gentleman refers to were not rises in farm prices; they were rises which the farmer himself had no benefits from. He had already sold his crops. I agree with the gentleman there was a rise there, but it was from

the processor and wholesaler on down through the retailer and the consumer.

Mr. JAVITS. Suppose I should move to amend, which I have a mind to do—and I would like the gentleman's advice on the subject—to roll back to April 1, 1950. Would that bear on the farmer or would it come off the processor and distributor?

Mr. PACE. I am compelled to state to the gentleman I would have to analyze that date in order to advise him.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. PACE. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. JAVITS. Will the gentleman consider that carefully so that we may have his considered advice on tomorrow?

Mr. PACE. I will be delighted to.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Illinois.

Mr. YATES. I know the gentleman is well qualified in the field of agriculture. Perhaps he can answer a question which seems to be popping up in my mail very frequently. Many of the residents of my district, which is entirely a city district, are at a loss to understand why the surpluses, particularly in perishable commodities, cannot be used to stabilize the markets and prevent undue inflation in the cost of such perishable commodities. Would the gentleman be willing to comment on that and state why that should not be made a part of this bill, to permit the Secretary of Agriculture, if possible, to use the perishable commodities in order to stabilize such market?

Mr. PACE. May I say to the gentleman that under section 407 of the Agricultural Act of 1949 the Secretary now has the right to sell any commodity in surplus that is owned by the Commodity Credit Corporation at the support price which, as the gentleman knows, is always below parity, from 90 percent down to 60—to sell it at the support price plus 5 percent, plus reasonable carrying charges. So, the law now permits and fully authorizes the Secretary of Agriculture to take surpluses available and move them into the market, providing he does not dump them in a manner that will demoralize and break the market.

May I say to the gentleman that our Committee on Agriculture just this morning, in order to move these perishable surpluses in the hands of the Commodity Credit Corporation reported a bill to authorize the Secretary to give them away and to pay the cost of transporting them to some central point in each State. So, the Secretary not only has not been able to sell them, he has not been able to give them away, with the other fellow paying the transportation, and now we are authorizing the Secretary to give them away and pay the transportation.

Mr. YATES. Would not the gentleman's bill that was presented to the House last year, known as the Pace bill, give some alleviation to the inflation that is now taking place in this country with respect to perishable commodities, by giving a necessary flexibility to the powers of the Secretary of Agriculture?

Mr. PACE. Let me answer that in this way, that that question was asked the Secretary of Agriculture last week, and he said emphatically yes; it would contribute very much to alleviate that situation.

Mr. YATES. Does the gentleman agree with that?

Mr. PACE. Yes; I do.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Texas.

Mr. PATMAN. The gentleman refers to an amendment to the Spence substitute.

Mr. PACE. Yes.

Mr. PATMAN. Is the gentleman aware that under the Kunkel substitute price is not controlled except at the wholesale level?

Mr. PACE. That was my understanding. I do not think, frankly, that that cures the evil, because the gentleman from Texas knows as well as I that there is a terrific spread between the farm and the table and there is also a great spread between the wholesaler and the table.

Mr. PATMAN. My object was to point out that that is a defect in the Kunkel bill. It does not apply to anything but the wholesale level.

Mr. PACE. I regard it as a very serious defect.

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Indiana.

Mr. HARVEY. In further pursuit of the presentation the gentleman has made, I would like to ask the gentleman in this particular instance whether he would suggest that the alternative of only substituting the parity price be taken or the date as given in the bill.

Mr. PACE. No. We are in this sort of shape right now, and I do not know what to do about it. Cotton has jumped up since the Korean conflict about 6 or 8 cents a pound. Many mills have purchased their cotton at the high price. The Government sold two or three hundred thousand bales this week at that price. Now, those mills have, we will say, 38-cent cotton. They are making, or they will in a few weeks make that into textiles. What will happen if we roll that textile price down to a basis of raw cotton at 32 or 33 cents, and they have 38-cent cotton in the product? It seems to me that some of us are going to have to get together on that.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. HARVEY. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. PACE. It seems to me that some of us here overnight are going to have to give consideration, not on a permanent basis, but purely on a temporary basis, to the situation where a processor is caught with raw products at a high level, to at least let him get rid of the processed goods at that level. Now, it may work out itself. If the President does not invoke ceiling prices for, say, 3 or 6 months, then that in itself might allow them to be able to move such goods out at the comparative cost.

Mr. HARVEY. The reason I propounded that question, particularly I have in mind many of the products of the farm, especially livestock products. We also experienced a similar sharp increase, and there is such a great disparity between the parity price and the present price or the price as of June 15 that naturally under the law they would have to take the higher price and not reflect the stable level for those livestock products.

Mr. PACE. I think you have the identical problem in the case of many wholesalers of meats, that they have acquired supplies of meats at a pretty high price and when you roll that back, in my judgment, you are going to bankrupt many of them.

Mr. HARVEY. May I say in conclusion that I think this is of such far-reaching import that it should have a great deal of consideration before we hastily pass such legislation.

Mr. PACE. I certainly agree with the gentleman.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield.

Mr. BROWN of Georgia. I may have misunderstood my colleague, but I do not agree with the proposition that cotton went up some 6 or 8 cents a pound due to the Korean war.

Mr. PACE. No; I said "since."

Mr. BROWN of Georgia. It went up when it was announced that the acreage in the United States was reduced 31 percent. That is when cotton went up.

Mr. PACE. That is exactly right. I say, too, that cotton did not go up on account of the Korean conflict but, as my colleague says, it went up following the report on the cotton planted as of July 1. The result was the same. Cotton is now up to 38 cents.

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Washington.

Mr. HORAN. Is not this a question the great Committee on Agriculture of the House has had under consideration, at least privately, by individuals, for a long while?

Mr. PACE. Yes, indeed.

Mr. HORAN. Have they not been able to arrive at conclusions?

Mr. PACE. On many of these problems we have not.

Mr. HORAN. The reason I asked that question is that I am wondering if we should try to write legislation here on the floor overnight that we have not fully considered and at least held some hearings on and had all sides and all facts aired.

Mr. PACE. We certainly should not. On the agricultural angle, I have not had an opportunity to confer with my chairman. I am hoping he may be able to call our committee together tomorrow to have at least a quick look at the agricultural provisions.

Mr. HORAN. The gentleman thinks this should be fully aired by those capable of considering it?

Mr. PACE. Yes, indeed.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Mississippi.

Mr. COLMER. I wonder if it would be possible in writing this bill, and I am asking this of my friend because I know he knows more about it than I do, to make some provision that in fixing any price under the controls it should not be less than parity or some percent of parity?

Mr. PACE. The bill providues that. I object to it for this reason: It says the higher of parity or the price on June 15.

Mr. COLMER. I am not talking about the June 15 price, I am talking about the provision that no price shall be set at less than say full parity.

Mr. PACE. I thoroughly agree with the gentleman, but that may require too great a roll back.

Mr. COLMER. I wonder if one of my friends would not be in a position at the proper time to offer such an amendment.

Mr. PACE. That is provided on page 16 of the bill at this time.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from New York.

Mr. JAVITS. Does the gentleman know whether the market prices on this June 15 date were considerably higher than parity on major commodities?

Mr. PACE. I am going to ask the gentleman from New York if he will check that. I checked the agricultural prices on that date. I found many commodities out of position on that particular day. That is the difficulty in trying to fix one 6-hour period, you might say.

Mr. JAVITS. What would the gentleman think of giving the President discretion to pick a period between April 1 and June 24, 1950, depending upon the quotations and the different situations?

Mr. PACE. It is customary to provide, as is done in the case of wages here, that the wage would be the highest wage during a 30-day period. Probably the gentleman will not agree with me, but my philosophy is to let Congress write the ticket and not leave too broad discretion in the hands of those who would administer the law. We should at least set the limits and fix the standards to guide them. We should be governed here by the experiences we had and the lessons we learned during the last World War. We must not discourage production, but should encourage and increase it.

Mr. POTTER. Mr. Chairman, I move to strike out the last word.

(Mr. POTTER asked and was given permission to revise and extend his remarks.)

Mr. POTTER. Mr. Chairman, I am going to speak generally on the issue before us and not on any particular amendment.

These are trying days. These are days when our every thought reverts back to the men who are doing the fighting in Korea. I suppose the remarks I make here today would be better left unsaid—that is, from a political standpoint. But I feel compelled to speak at this time and get a few things off my chest.

Mr. Chairman, the men who are fighting in Korea are making the sacrifice of their lives, and so it behooves none of us to worry about any political sacrifice which we may be making.

Mr. Chairman, this is no time for business as usual. This is no time for politics as usual. We cannot afford semimobilization, or piecemeal mobilization. Whether we call our action in Korea a police action or a small minor incident, or the beginning of world war III, I can assure you that the men fighting in Korea not only think—they know—it is war. I say that Congress has no right—Congress has no moral right to reach into the homes of American families and pull out its citizens and force them into duty which will jeopardize their very lives and then be niggardly in the performance of duties and responsibilities that we have on the home front.

Mr. Chairman, I despise Government control. I have opposed them in the past and will in the future when Government controls have been asked for unnecessarily in peacetime. But, Mr. Chairman, despite my dislike for Government controls, I hate war more. Despite my hatred for war, I have a greater hatred and a greater fear—and that is my hatred and my fear of international communism.

Mr. Chairman, we draft men to go into the service to do our fighting for us, so we should not hesitate one instant to mobilize for total war. Many of you here today were in this body during the last war. I was not. I humbly ask the indulgence of the membership to permit me to make a few personal references to my service in the last war, something that I have never done before and I assure you will not happen again.

I was a combat infantry officer. I can well remember when we hit the Siegfried Line we were ordered to halt at that line with the enemy in front of us and on both flanks. Our troops were rationed—mind you, we were rationed on gasoline and we were rationed on artillery ammunition. That artillery ammunition was so necessary at that time so that we could set up a harassing fire to keep the enemy from closing in on us. But we were rationed. At that very moment, Mr. Chairman, I well remember getting an issue of the Stars and Stripes, the Army newspaper, telling the story of the coal strike. I belonged to the Twenty-eighth Infantry Division. Most of the members of that division were from Pennsylvania. Many of the men in the outfit were the sons of coal miners. Let me tell you that strike cut the very moral fiber of those men. This same Twenty-eighth Division has just now been called back into Federal service.

At the same time we heard of a woman in Detroit who was working in a defense plant and who had just received her check. On the way home, riding the bus, she kissed the check and said, "I hope this war never ends." A man next to her slapped her. He said, "That is for my son who was killed at Pearl Harbor." He slapped her again, and he said, "That is for my son who was killed in Normandy."

Yes, I can remember time and again of getting stories of industries fighting to get their contracts at 20 percent plus costs.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. POTTER] has expired.

Mr. POTTER. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. POTTER. Mr. Chairman, I remember distinctly the effect it had on the moral fiber of those men when they heard of the immense black-market rackets.

The reason I have stated these incidents is the fact that we must remember, and we should know that the morale of the troops that we have in Korea and that we will send to Korea depend a great deal on what we do in the next few weeks. When the Government of the United States takes 10 men or 10,000,000 men and asks them to put their lives in jeopardy, we have no right to do other than to prepare for total mobilization.

Mr. Chairman, I had hoped I could find some one of the substitute bills that I could support. To be frank with you, at the present time I do not know what I can do. The original Spence bill, of course, was wholly inadequate, and I am not too sure but that the Kunkel bill and the later Spence bill are not wholly inadequate.

Last week I signed a statement with 14 other Members of this body calling for legislation for total mobilization but leaving the responsibility to the Congress and not to the President to pull the trigger. I still concur in those views.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. POTTER. I prefer to yield later.

However, I believe the time to pull the trigger is now. Food prices are going out of sight. The cost of living is reaching a stage which is making it most difficult for people of low income and with fixed income to live. If this is allowed to continue, of course there will be new wage demands. There will be many, many serious economic dislocations. You know as well as I that price and wage controls are needed. You know as well as I that within a very few weeks the President will ask for those controls. The longer it goes on the more difficult it will be for our citizens to make the necessary adjustments. We are doing no one a favor by prolonging this inevitable fact. As long as the threat of controls hangs over the American people, there will be an increase in the hysteria which causes hoarding and which in itself accelerates inflation.

Mr. Chairman, I doubt if there is a man in this Congress today who seriously believes that the Korean incident is not part of a master plan dominated and

controlled by the atheist leaders in the Kremlin. I do not believe there is a man or woman in this room who deep down in his own heart does not believe that once this Korean question is over another crisis will develop. We are put in the position of a man in the boxing ring who has got a knock-out punch, a good right hand, but whose managers have told him not to use his right but to counter.

How long can we continue to block the jobs, the opposition of our enemy, to sacrifice ourselves piecemeal all over the globe, whenever and wherever he sees fit to call the shots? One of these days we are going to have to recognize a most unpleasant fact, that we do have this good right hand and that it may be necessary to throw tradition to the wind and use our good right hand at our discretion when and where we want to.

Mr. Chairman, the people of this country are looking to the Congress for leadership. They will despise our action if we look for political advantage, regardless of what side of the aisle we may sit on.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. POTTER. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. POTTER. It is time for this Congress to show the same intestinal fortitude as the men in Korea; it is time for this Congress to show some guts and pass legislation which will go into effect immediately to stabilize our economy in order to facilitate the effort of our men in Korea. At the same time we should enact legislation along the lines recommended by the distinguished gentleman, Mr. Bernard Baruch, for total mobilization which may carry things that may be unpleasant to many of you but which are absolutely necessary at this time. An excess-profits tax, certainly; universal military training, yes. We must train our men for whatever eventuality may confront us. This will do more to show the men in Korea that we do not consider their sacrifice a thing of minor concern, and that we are interested in getting them out of there as soon as possible so that they can enjoy the fruits and benefits of a free world and go home to their families and loved ones and live a life of peace. But this can be achieved only when Communist aggression is stamped out.

CONTROLS

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I agree with the gentleman from Michigan who has just spoken, that it is time the Congress demonstrate intestinal fortitude; and I agree, too, that any sacrifice we make on the home front is certainly minor and insignificant compared to the least sacrifice by our fine servicemen on Korea.

INFLATION

One of the greatest mistakes made during World War II was the failure to put on price and other proper controls sooner than we did. We were too late inaugurating controls. Another serious thing that we did was to take controls off too soon. By taking the controls off too soon we caused the 60-cent dollar we have today.

One of the most serious problems confronting us today outside of winning the war and the loss of life and limb is inflation. It is possible for our heroic young men to win the war on the battlefield and for us to permit the losing of the war here on the home front by reason of worthless dollars.

It goes a little further than that. It is possible for us to lose the war by reason of worthless dollars. Before we win the war, it is possible for dollars to become so cheap that wage earners will not work for the cheapened or worthless dollar, or the producers will not produce for the cheapened or worthless dollar.

It is necessary that we retain stability of our money; otherwise people have less incentive to work, even during a war effort.

SIXTY-CENT DOLLAR

The first OPA law in 1941, actually adopted in 1942, was very much criticized. It was opposed by some of the most effective people in our Congress. But we passed the best law we could. One of the cruelest things that ever happened on the floor of this House was the fact that we had to come in before the House every year and ask for a continuation of this unpopular and in many instances referred to as obnoxious controls. We came before this House, not under a gag rule, never, but under an open rule.

Now, on questions of taxation and other things that were not near as important as the question of price control, the committees were given closed rules, and I am not objecting to that, but I do say the cruelest thing that happened during that war was the fact that we just had to fight and force through every year a continuation of price controls under an open rule on the floor of this House where any kind of an amendment was in order. I do not see how we did as well as we did, but we did very well until 1946 when many controls were absolutely necessary. However, the House voted them off. There were six or eight separate roll calls—I have forgotten which. That killed price control and because we killed price control the value of our money went down, down and down to the 60-cent dollar we have today. That was the cause of it.

Let us resolve here and now that we will not repeat any such performance as that but any control bill we pass, let us pass it for the duration of the emergency and not be compelled to come in here every 6 months or year and fight through the extension of an unpopular act. Any control bill is an unpopular bill.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Chairman, there is no satisfactory way to administer price controls. There are too many borderline cases and exceptions that the people think should be made in the law that we cannot make. It is like relief. There was no satisfactory way to administer relief. There was no person on relief who could not point to other people who were getting more than he was getting and actually prove it. There is no way to administer exact justice. We are doing very well if we administer equal justice. So with a price control law, you are going to have something that is very difficult to administer. Any law that we pass, let us pass it for the duration of the emergency.

We can have a race between prices and wages and cause this worthless money I have been speaking about. Today prices are shooting up. At the retail level, if you please, meat prices have gone up as high as 20 cents a pound in one week, other prices in proportion at the retail level. If we permit that to continue, wage rates are going to have to be increased also. One way it will be demanded and finally obtained, or it will be received under existing contracts between labor and management. You will recall that in the General Motors contract the wages are tied to the cost of living index, and even though they do not demand more wages, they automatically receive more wages if we permit the cost of living to go up, and other people in different groups, where they do not have that favorable contract, will demand it. Every day the wages and salaries of 62,000,000 people are going down and down and down. That cannot continue very long until we will have some serious repercussions in this country. When you have these high prices like we have now, then there is a demand for high wages and salaries to offset these high prices, and they go up as high as the prices on comparable bases, then prices go up again, then wages go up again. There is a race between prices and wages that can cause us to have worthless money.

I agree with what the distinguished gentlewoman from California [Mrs. DOUGLAS] said a while ago about increased capacity for certain commodities or certain basic materials, I will say. We need more electricity, as the distinguished gentlewoman states; much more electricity than we have now. We do not have enough. We need a much greater steel capacity. We could use 10,000,000 tons more steel today than we can possibly make. Steel is a basic material.

Now I desire to invite your attention to the fact that any bill that we pass here should certainly have strong provisions that will encourage the production of basic materials as well as other materials and articles. It is production that holds down inflation. Production is the answer to inflation. So, we must have more production.

I invite your attention to one or two things in the bill offered by my distinguished colleague from Pennsylvania [Mr. KUNKEL]. If I read his bill correctly, and I hope he is on the floor and I hope he corrects me if I am in error,

his bill insofar as price fixing is concerned relates to wholesale prices only; it does not relate to retail prices.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Pennsylvania.

Mr. KUNKEL. If the gentleman will turn to page 10 of the print of H. R. 9283, which part is exactly the same——

Mr. PATMAN. I will take the gentleman's word. Does it apply to retail prices?

Mr. KUNKEL. Yes. I will read it to the gentleman.

Mr. PATMAN. All right, that is enough for me. All I want is just the gentleman's word on that. I misunderstood him. I read the word "wholesale" in there and did not see "retail," and I thought it would only apply to the wholesale price.

Mr. KUNKEL. If the gentleman will let me read that statement, I will. It is quite short. The first four paragraphs under section 202 apply to wholesale, and then you come to subparagraph 5 which reads:

In the case of a new article, and in the case of any article to the sale of which paragraph (1), (2), (3), or (4) is not applicable, such ceiling as the Administrator may prescribe pursuant to section 206.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. I am not entirely convinced from the reading of the language. I hope to read it more carefully, but I will take the gentleman's word for it if he says it applies to retail prices.

COUNTRY GOING SOCIALIST?

Many people are saying that this country is going socialistic. Are we going socialistic or communistic? There has never been a time in the history of the United States when more people owned their own homes, their own farms, their automobiles, their personal property, including savings, and more life insurance, than in the United States today.

The country that is ripe for socialism or communism is a country where the people are poor, where they do not have anything to divide. Only people who have nothing to divide are ripe for communism or socialism because they are supposed to divide with others what they have.

As long as we are encouraging people to own their homes and their farms, and making it possible for them to get the money at a low rate of interest over a long period of time to pay for those farms, and as long as they take advantage of that and own their own homes in the cities and have as much as they have today, with good jobs and good wages, there is no danger of this country's going toward socialism. It is going in exactly the opposite direction, and that is the direction in which we want our country to continue.

Mr. HOLIFIELD. Mr. Chairman, I move to strike out the last word.

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Chairman, for several days now since the first committee print was available I have been studying the price-control section. If my words of counsel are worth anything at all, it is because of my 25 years of experience in business before coming to Congress and my 8 years of experience here, many of those years during the war years when we had price controls.

The first speech I made in January of 1943 was against the inequities of the OPA functioning. I fear we are again making the mistake we made back in 1942, 1943, 1944, and 1945. We are going at this thing piecemeal. We are going to do too little too late. In my opinion, the only country that actually made price control work and work as equitably as possible on its citizens was Canada. They put price controls on across the board—wages, prices, profits, everything—at one time. Then the function of their price-control board was to remove controls selectively. We tried to put the controls on selectively, and every time we put a control on a commodity we created additional inequities. Every time we allowed an adjustment in the price control we created a hundred maladjustments. That is exactly what we are headed for again.

As far as I am concerned, the original committee bill was a spineless fraud under the circumstances, and I do not care who sponsored it or who asked for it. I say they did not ask for enough to take care of the situation that exists in this country today.

What are we looking for in a bill of this kind? We are looking for a piece of legislation to control inflation, and inflation is already on the way. I do not care when we put a bill into effect, we are going to freeze inequities. I do not care how carefully we write it, we are going to freeze inequities. It is impossible in a free enterprise system for everything to be equitable at any one time. It is always fluctuating, and so it will be regardless of the day or the period we select as a base when we put this bill into effect. When we put the bill into effect we will see special pleaders coming forward to take care of the prices of agricultural commodities. We will have others to take care of the price of labor and we will have others to take care of the excess-profits taxes. We will have special pleaders of all kinds. I say to you that the only special pleading that should be done today is for the complete benefit of all the people of the United States.

Every Member of this House should read the speech that was made by the gentleman from Michigan [Mr. POTTER]. There is not a Member of this House who has the right to speak as authoritatively as he did. There are some others that have reason to speak authoritatively, but no one that I know of has more reason to speak authoritatively, as he did, because he probably sacrificed more than any of us.

I say every Member of the House ought to read his words. We ought to come to the House tomorrow, not with the idea of obtaining partisan or special class advantage, but with the idea of doing a job where we can go back and look at ourselves in the mirror and say that we did the job which was needed for the American people. Yes, we imposed hardships. We imposed inequities; but who is there who will say that inequities and hardships are not being imposed upon those boys who have been sent out to Korea to fight and who are fighting with their backs to the sea at this time for you and for me?

I say that if any man gets upon the floor of the House and makes a special plea for some partisan effect or for some special interest effect in the light of the job that is to be done that that man is unworthy of Membership in this House. I say every one of us should subordinate every selfish interest and every partisan interest to do this tremendous job which faces us, because I agree with the gentleman from Michigan when he says that this is not the ending, this is the start. This is perhaps the start of the fight for the preservation of the free enterprise system and the free constitutional government system throughout the world.

I believe we have to gird our loins for the battle with every strength we have, moral, physical, and spiritual, or we are going to be left at the gate when the race is over. And remember this, that in the kind of war we will have in world war III, no nation and no people can win—we all lose.

Mr. CELLER. Mr. Chairman, I send two amendments to the Clerk's desk.

The amendments are as follows:

Amendment to Spence substitute offered by Mr. CELLER: Page 45, line 23, after the word "act", insert "pursuant to this act."

Page 46, line 6, after the word "general", insert "and the Chairman of the Federal Trade Commission."

Page 46, line 13, after the word "general", insert "and the Chairman of the Federal Trade Commission."

Page 46, line 14, strike out the period, add a comma and the following words: "and that if any objection is made by the Attorney General or by the Chairman of the Federal Trade Commission within that period, the President or such person as he may designate shall approve or disapprove the request."

Page 46, after line 18, add a new subsection, subsection (d), as follows:

"The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this act. The Attorney General shall submit to the Congress and the President within 90 days after the approval of this act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable."

The CHAIRMAN. Does the gentleman intend to offer either one of his amendments at this time, since he can only offer one?

Mr. CELLER. No, Mr. Chairman; I am simply placing them on the Clerk's desk for consideration on the morrow.

Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Chairman, I shall address myself merely to the two amendments which I will offer to the bill, and which will be voted on tomorrow, according to the parliamentary situation. They refer to the exemptions granted by the President, or whoever he may designate under the antitrust laws, to certain firms engaged in war work—exemptions from antitrust sanctions.

Those exemptions to the antitrust laws are highly important. They are exemptions which must be, indeed, jealously guarded and reluctantly given, and only given when they are in the national interest and are absolutely necessary for the purposes of quickening and improving and increasing war production.

The amendments which I shall offer have been cleared through and have been approved by the office of the Attorney General, and by the Chairman of the Federal Trade Commission. They, in a word, would put a brake upon the granting of these exemptions to the antitrust laws. I presume that when the authority we will pass is implemented by the administration, that the Secretary of Commerce will have the paramount word with reference to the administration of this act and particularly it shall be he who will grant these exemptions under the antitrust laws.

Now, the Secretary of Commerce is not the administrative agent who enforces the antitrust laws. That is the function of the Attorney General and Federal Trade Commission. This is partly recognized in the pending bill which provides that before the Secretary of Commerce shall grant the exemption from the antitrust laws he must consult with the Attorney General. One of the amendments which I shall offer goes a step further than that and provides that that consultation shall be with the Attorney General and the Chairman of the Federal Trade Commission as well. Why do I add the Chairman of the Federal Trade Commission? For the simple reason that the Sherman Act is within the direct purview of the Attorney General. He enforces the Sherman Act. But the enforcement of the Clayton Act, with the exception of its criminal provision, lies within the jurisdiction of the Federal Trade Commission. Thus the Federal Trade Commission might likewise be considered and its judgment as to exemptions from operation of the sanctions of the Clayton Act respected.

These exemptions are to be granted, not only from the operations of the Sherman Act but from the operations of the Clayton Act. Therefore, it is proper and appropriate that the Chairman of the Federal Trade Commission as well as the Attorney General be consulted.

My amendment likewise provides that the exemption shall not be granted if either the Attorney General or the Chairman of the Federal Trade Commission objects. If either of those two distinguished representatives of our Government objects, then the final decision must be made by the President or whomever he may personally designate for that purpose. Thus there would be provided necessary and reasonable brakes upon the administration official who would be empowered to grant these highly important exemptions. My amendment would supply the brakes against great pressures of great corporations—supply the brakes against possible favoritism; brakes against greed and selfishness. Nor would war productio be impeded or delayed.

During the last war, comparatively few exemptions were granted. Actually, only one such exemption was granted over the objection of the Department of Justice by Donald Nelson of the War Production Board. This referred to practices of certain railway-rate bureaus.

During the last war the general practice was to suspend punishment for violations of the antitrust laws, but in flagrant cases prosecutions were had. Such suspension did not mean condonement of the violations, and in a number of instances, prosecutions were resumed after the war.

Under the instant bill, as in the previous act, where exemptions are granted, there can be no prosecutions whatsoever at any time. Thus we must be watchful and vigilant and see to it that exemptions are granted only for the best of reasons and when granted must be carefully scrutinized. Remember exemptions must be distinguished from suspensions of prosecutions.

The amendments I propose do exactly that.

The second amendment provides that there shall be a survey made by the Attorney General concerning the operations of these exemptions. In the War Mobilization and Reconversion Act of 1944 we put into that act the exact language of one of my amendments which I seek to insert in the pending bill.

Mr. FERNANDEZ. I think the gentleman should have the amendments printed in the RECORD.

Mr. CELLER. I am speaking this afternoon so that I will have placed before all Members of the House the amendments, and I shall insert in the RECORD communications I have received from the Department of Justice and from the Federal Trade Commission approving these amendments.

The second amendment to which I have directed your attention is as follows:

> The Attorney General is directed to make and request the Federal Trade Commission to make for him surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this act. The Attorney General shall submit to the Congress and to the President, within 90 days after the approval of this act, and at such times thereafter as he may deem advisable, reports setting forth the results of such surveys, including such recommendations as he may deem desirable.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. PATMAN. The gentleman has another amendment along similar lines that he expects to offer?

Mr. CELLER. Correct. I have already referred to it.

Mr. PATMAN. In view of the fact that the Department of Justice does not have an economics division, and the Federal Trade Commission does have such a division, I think the gentleman's amendment is timely, and I hope it will be adopted.

Mr. CELLER. I thank the gentleman very much.

In pursuance of that provision in the War Mobilization and Reconversion Act, which I seek to insert in the pending bill, a preliminary report was made by the Attorney General in 1944, or shortly thereafter, and four distinct surveys were made, and they were very important, very cogent, very interesting and helpful to the Members of the House and to the administration. Those reports covered aluminum, steel plates, tin plate, and air transport. I think what we did in 1944 we should do now again, because the present situation is on all fours with events around 1944.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. KUNKEL. Will the gentleman tell us exactly at what point in the committee print these amendments are to be inserted?

Mr. CELLER. They would be inserted on page 46, and are amendments to section 708, 708 (a), and 708 (b) of the Spence substitute. Those provisions of the Spence substitute, namely, 708, 708 (a) and (b), and so on, relate to these exemptions under the antitrust law.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. YATES. I think the gentleman has some very desirable amendments, but I wish the gentleman would explain why he refers the question only to the Chairman of the Federal Trade Commission rather than to the Commission as a whole, inasmuch as the Commission must act through a majority of its members. Does not the gentleman believe that the question is of such importance that it should be considered by the entire Commission rather than by the single chairman?

Mr. CELLER. I will say to the gentleman, such a matter will be considered by the entire Commission. It is customary to refer the matter to the chairman of the Federal Trade Commission, and he, in turn, refers it to his colleagues on the Board.

I may say further that the Federal Trade Commission approves that form of amendment.

Mr. YATES. In other words, then, the Commission as an entirety will be the ones to determine it.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. MULTER. I think it is safe for me to say that it was the intent of the committee when we considered the anti-

trust provisions of the law in connection with this bill that there should be no change in the law as it affects anyone who is properly in violation of the antitrust laws. But we tried to write into this bill provisions which would permit the Government to carry on in the event of an emergency and that if anybody, any industrial plant complies with the Government request for help they will not be in violation of the law during the course of the emergency, but then that they could not continue in violation of the antitrust laws after the emergency had passed.

Mr. CELLER. I thank the gentleman for his contribution. Let me say that these provisions that we seek to insert in the Spence substitute in no way interfere with war mobilization or war production; they are simply safeguards to prevent certain types of greed and selfishness, and the desire for inordinate profits resulting from monopoly power.

It is distressing to me that at the first signs of economic emergency, there is a mad rush to see who can scrap the antitrust laws first. This happened during the NRA days of the depression; it occurred to a large degree in the last war. Again, today, at the first signs of shortages and war rumblings, businessmen are all too eager to reinstate so-called voluntary allocation systems, planned rationing, and other devices which have so often been tools of monopoly power.

I realize full well that adequate national mobilization of resources requires some collective actions on the part of industry which may or may not accord with the free competition that in general is essential to our success in peace or war. I strongly protest the idea, however, that in order to fight communism abroad, we must entrench monopoly at home and abolish with a single flourish the economic and political philosophy which has formed the basis of the institutions of this Nation since its inception and given us the higher standards of living.

Restrictions of production, unfair methods of competition, cartel arrangements, price rigidity, these have been the characteristics of industry after industry studied by the Subcommittee on Study of Monopoly Power, a subcommittee of the House Judiciary Committee which has been investigating monopolistic and restrictive practices of this country's economy for the past year. There is nothing in the record to show that these malignant practices are less baneful in war than they are in peace. On the contrary, in wartime, restrictions on output, territorial divisions, suppression of patents, and numerous other devices of monopoly power create bottlenecks, artificial scarcities, and serious technological deficiencies at the ultimate cost of countless lives. In times of war, not only is it essential that we do not let the concept of competition become eclipsed by monopoly through abdication of our antitrust laws, but it is necessary that we double our vigilance against the strangling and deadening effects of monopoly power.

Some of us remember that great American corporations were found to have made cartel arrangements before World War II, by which this country was blocked from prewar development of synthetic rubber, optical glass, and other essential materials. In some cases, the exchange of information with foreign cartel members even included betrayal of American military designs. Some of us remember the great difficulties that our Government faced in obtaining conversion of plants to war production, and in persuading industries like steel and aluminum that expansion would be necessary to win the war. Our Government was forced to make concessions, such as building war plants interlocked with existing plants, and granting patent rights for inventions developed at public expense. These concessions in many cases were demanded for the sole purpose of building monopoly powers for use after the war.

There are even now situations that ought to be investigated, to discover whether monopoly power is denying Americans the use of the most efficient type of storage battery, and utilization of deposits of strategic minerals said to exist in this country.

There were enough cases uncovered by the Truman committee during World War II of great companies looking toward their postwar monopoly position at the cost of their immediate service to the war effort, to indicate that a watchful eye must be kept on all exemptions from antitrust law, merely to protect war production itself.

I believe that the effective use of our resources for defense requires more than the voluntary cooperation of the vast majority of businessmen whose patriotism is beyond question. It requires also a constant guard against the few who would take advantage of the country's need to build unlawful powers for selfish purposes.

As to the amendment requiring surveys of the Attorney General and reports thereupon to Congress and the President concerning operations under the granted exemptions from antitrust laws, I wish to emphasize that it can in no way hinder or obstruct the war and defense effort. The sole duty imposed upon the Attorney General is one of reporting. To reject this proposal is in effect to argue that Congress and the Nation should pursue its wartime activities in blind ignorance of the economic facts which are recurring throughout the Nation. It is said that ignorance is bliss, but we cannot afford to conduct a war which extends to the four corners of the globe and fail to be cognizant of exactly what consequences our conduct is having upon the economic structure of the country as a whole.

This amendment has the approval of the Department of Justice, in fact it was written in conjuntion with the reprensentatives of the Attorney General. Its benefit are of long range, insofar as these studies will present a graphic picture of the economic phases of the American economy in its transition from peace to war. They are of short range in that a continuing panorama of the Nation's industrial structure will be made available to the Congress and to the people.

One of the great principles for which this country is at present fighting and arming itself is that of freedom of information. The Congress and the people are entitled to know the status of their economic institutions. They would be foolish were they to refuse to take advantage of their freedom to attain such valuable and essential knowledge.

I herewith insert the communications of approval from the Department of Justice and the Chairman of the Federal Trade Commission:

DEPARTMENT OF JUSTICE,
OFFICE OF THE DEPUTY ATTORNEY GENERAL,
Washington, August 2, 1950.

HON. EMANUEL CELLER,
Chairman, Committee on the Judiciary,
House of Representatives,
Washington, D. C.

MY DEAR CONGRESSMAN: At a conference yesterday with representatives of the antitrust division, you asked that this Department express its views with respect to certain proposed amendments to subsections (a) and (b) of section 508 of H. R. 9176, the "Defense Production Act of 1950." As amended, these two subsections would read as follows (changes are indicated by single quotes):

"SEC. 508. (a) No act or omission to act 'pursuant to this act' requested by the President, and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commisison Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General 'and the Chairman of the Federal Trade Commission' when made, and it shall be published in the Federal Register, unless publication thereof would, in the opinion of the President, endanger the national security.

"(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the conditions that such officials consult with the Attorney General 'and the Chairman of the Federal Trade Commission' not less than 10 days before making any request or finding thereunder, 'if objection is made by the Attorney General or by the Chairman of the Federal Trade Commission within that period, the President shall himself approve or disapprove the request.'"

The inclusion of the words "pursuant to this act" appears desirable in our opinion, since it avoids the possibility that subsection (a), as it now reads, might be construed as applying to activities not coming within the over-all scope of the act.

Except for the provisions relating to the Chairman of the Federal Trade Commission and provision for personal decision by the President in the event of objection to a request for exemptions, subsections (a) and (b) are substantially similar to provisions contained in the Small Business Mobilization Act of 1942 (50 App. U. S. C., sec. 1112).

In view of the Attorney General's responsibility for the enforcement of the antitrust laws and his close familiarity with the operation of the Federal Trade Commission Act as well, both by virtue of his position as the chief law officer of the Government and his direct responsibility for enforcement of orders entered under the latter act, we are satisfied that the Attorney General could discharge his responsibilities under the provisions requiring his review of proposed exemptions and that he could do so promptly, effectively, and without delaying the administration of the program contemplated by the Defense Production Act. This view is supported by our experience in the admin-

istration of similar statutes during World War II.

Considering the importance of the matter in question, the provision for leaving the final decision to the President in the event of objection also seems desirable in principle. We believe, however, that the President should not be precluded from delegating the power to make this decision to some other responsible person in the event that his many other duties render it impossible to give the matter the personal attention it would warrant. Accordingly, we recommend that the last clause of your proposed subsection (b) of section 508 be modified to read as follows: "The President, or such person as he may designate, shall approve or disapprove the request."

For the reasons stated and subject to the modification suggested in the preceding paragraph, we favor the adoption of the amendments proposed by you insofar as they relate to the Attorney General. We express no opinion as to the necessity for the additional provisions relating to the Chairman of the Federal Trade Commission or the effect of these provisions upon the administration of the act.

Yours sincerely,

PEYTON FORD,
Deputy Attorney General.

DEPARTMENT OF JUSTICE,
OFFICE OF THE DEPUTY
ATTORNEY GENERAL,
Washington, August 2, 1950.

Hon. EMANUEL CELLER,
Chairman, Committee on the Judiciary, House of Representatives, Washington, D. C.

MY DEAR MR. CONGRESSMAN: In accordance with your request made at a conference yesterday with representatives of the Antitrust Division, I am pleased to express the views of this Department concerning a proposed amendment to H. R. 9176, the Defense Production Act of 1950. The amendment would consist of a new subsection under section 508 of the bill and would read as follows:

"The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this act. The Attorney General shall submit to the Congress and the President within 90 days after the approval of this act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable."

This provision is substantially the same as section 205 of the War Mobilization and Reconversion Act of 1944 (50 App. U. S. C., sec. 1660). There are two minor differences, other than mere changes in language, between the 1944 statute and your proposed amendment. Your proposal would (1) authorize the Attorney General to request the Federal Trade Commission to make for him the surveys referred to, in addition to making them himself, and (2) provide for submission of the Attorney General's report to the President as well as to the Congress.

Since legislation of the type contemplated in H. R. 9176 necessarily has far-reaching effects upon our economy, it is of great importance that in its administration careful attention be given to the preservation of our competitive and free-enterprise system. Accordingly, we favor adoption of the amendment in question, the purpose of which is to evaluate the operation of this legislation from that standpoint.

Yours sincerely,

PEYTON FORD,
Deputy Attorney General.

FEDERAL TRADE COMMISSION,
Washington, August 1, 1950.

Hon. EMANUEL CELLER,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN CELLER: In response to your request, I am glad to offer my views on the amendment which you propose to introduce regarding section 508 of the defense production bill, H. R. 9176.

Your insertion of the phrase "pursuant to this act" corrects what must have been only an oversight in the drafting of the bill. Without the insertion of this phrase, the bill could be interpreted as authorizing the granting of exemptions for presently unlawful acts which have no relevance whatever to the purposes of the defense production bill.

With regard to the second feature of your amendment, I am in complete agreement, for the reasons set forth in Commissioner Ayres' letter of July 27, with the proposal to insert the words "and the chairman of the Federal Trade Commission" at each point in the section where the term "Attorney General" appears.

As to your final proposal to add at the end of subsection B the words "that if an objection is made by the Attorney General or by the chairman of the Federal Trade Commission within that period, the President shall himself approve or disapprove the request," the objection can be made that such a procedure would place an unnecessary, heavy burden upon the President. However, I am sure that both the Attorney General and the chairman of the Federal Trade Commission would be mindful of the fact and accordingly would not harass the President with objections to minor or trivial exemptions but would confine their objections to matters of major importance. It would appear to be completely in accord with principles of sound public administration that in such matters the power to resolve the dispute should be given to the head of the official family rather than to one of the disputants.

Because of the very short time available, I have not had any opportunity to ascertain whether or not these proposals are in accord with the program of the President.

Sincerely yours,

JAS. M. MEAD, *Chairman.*

Mr. JAVITS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have taken this time to ask some member of the committee on the majority side to answer a question. At page 41, lines 2 to 4, of the committee substitute there is a totally new provision from that which appeared in the original bill. That provision reads as follows: "including any new agency or agencies which are hereby authorized to be created by the President when deemed necessary."

I wish the gentleman would tell us whether it is proposed under this provision to establish a mobilization production board or any agency similar to the War Production Board of World War II. This is completely new language from what was in the original bill as it was presented to the House during general debate.

Mr. PATMAN. Since the first bill was introduced this amendment was prepared. It also includes rationing and wage controls. In view of these two additions it is necessary that the language read by the gentleman be inserted.

Mr. JAVITS. Does the gentleman know whether it is contemplated by the President to set up what would be equivalent to an OPA?

Mr. PATMAN. I am not able to say; I not not know what the President has in mind.

Mr. JAVITS. Does not the gentleman believe that for the information of the House before we vote on this whole subject we should know tomorrow just what is implied in that new language; that is, what agencies, if it is known, what agencies the President contemplates to set up in the way of OPA, a War Production Board, or otherwise, under this completely new grant of power which we did not see before and which is now in the Spence substitute.

Mr. PATMAN. Any agency set up to administer the act could be considered the same as the OPA or WPB, and probably would be, although it is possible for these two provisions to be administered by existing departments, like the Department of Commerce or the Department of Labor.

Mr. JAVITS. May I say to the gentleman I would hope very much that we could know tomorrow, that being the purpose of the overnight delay, whether the administration has in mind the organization of new specific agencies.

Mr. MULTER. May I attempt to answer the question?

Mr. JAVITS. Yes. I yield to the gentleman.

Mr. MULTER. When Mr. Symington was before our committee he tried to make it clear to us it was intended so far as possible to use existing agencies. Naturally, it is necessary to have the power in this bill. If existing agencies should not be sufficient for the purposes, then a new agency may be created. One of the primary differences between this substitute and the Kunkel bill is that the Kunkel bill sets up a new agency to do all of these things. The Spence bill and the substitute for the Kunkel amendment gives the power to the President to use existing agencies wherever possible and, according to Mr. Symington, that is the intent and the desire, but if a new agency is necessary he then may create it.

Mr. JAVITS. I think I reflect not only my own views but that of many Members of this House when I say that in consonance with the spirit in which we are proceeding in respect to this bill I certainly hope that the President will use his authority to set up separate agencies like the OPA and the War Production Board to do this job. We found during the war, and we found since the war, that the way to do a job of national importance in a national emergency like this is to get America's best brains. America's best brains are generally devoted to business and the professions and they do not often want to get into the existing Government departments. That is not said with any disrespect to the men who are there now. There are some very able men in the Government at this time. When they know it is on a temporary basis in an agency that is to care for this particular national emergency, as they did in the War Production Board, we will get America's best brains for this job and no less than that is what I think we ought to have in deference to what is happening in

Korea and the views that have been expressed on the floor here.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from California.

Mr. HOLIFIELD. May I say that the gentleman is exactly right. This is a big job. It is a job that has got to be properly coordinated. If it is spread out among every agency of Government, different agencies will be taking action which will affect other agencies and the jurisdiction and functions of other agencies. It should be concentrated in one over-all board so that we will know what we are doing.

Mr. JAVITS. Another thing, may I say to the gentleman from California, it should be above politics.

Mr. HOLIFIELD. Absolutely.

Mr. JAVITS. The way to get it above politics is to set up emergency agencies to do this job.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Pennsylvania.

Mr. KUNKEL. I answered the same question when the gentleman asked me yesterday and I told him what was contemplated. The criticism was made that my bill did not permit the delegation of any of these authorities. That is an incorrect statement. You will notice a paragraph in there which reads:

SEC. 603. The President may delegate any power or authority conferred upon him by this act to any officer or agency of the Government and may authorize such redelegations by that officer or agency as the President may deem appropriate.

In other words, the thought in my bill is the creation of an over-all agency along the same general line as was the case in the last war and which the gentleman has in mind, and also that certain functions will necessarily and properly be delegated to other branches of the Government such as the Department of Agriculture. There is a specific provision in the bill that permits that delegation.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Mr. Chairman, I would like to ask the gentleman from Pennsylvania this question: One of the greatest acts that we have done here in the last few weeks, and which had enormous impact on the world, was the vote with only one dissent on the Mutual Defense Assistance Act. Is there a chance that the gentleman from Pennsylvania can get together with the majority members of this committee and work out and agree upon a substitute which could come in here tomorrow and get the same kind of a resounding vote of confidence in this House?

Mr. KUNKEL. I do not know about that. Certainly there would appear to be a very strong chance that substitutes will be introduced tomorrow.

Mr. JAVITS. The gentleman does not feel that can be done in this case?

Mr. KUNKEL. I would be glad to cooperate.

Mr. JAVITS. I would like to call the attention of the House to one other point. I intend to offer an amendment tomorrow with respect to this agricultural section which is found on page 16.

The House will notice that there is established what is apparently a completely arbitrary date, June 15, 1951, as the date to determine the maximum price for agricultural commodities. Now, that date has no relation to June 24, 1950, which is the day before the Korean episode began. It bears no relation to any other date which relates to maximum prices or to maximum wages (May 24 to June 24, 1950) in this bill. I certainly hope very much that the Members of this House from the cities will at this time, when we are talking about the provision for maximum prices for food, which is going to determine the living standards of their people perhaps for a good many years to come, will carefully examine what is proposed. We all want to be more than fair to the farmer. The farmer, just like the industrial worker, is just as necessary as the soldier in the kind of a job we have ahead of us. But, I think it is absolutely essential that the city worker and the industrial worker be fairly protected in whatever is done, and that we just do not shut our eyes to the responsibility we have as Members from the cities. I think the Members from the agricultural districts should be the first to say that the only way you get anything made fair is by the attrition of people who have different interests, and that therefore we should not just blindly leave it to them. We should try to make up our own minds as to whether this is fair to the people we represent in the cities.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. The gentleman, in offering such an amendment, will, of course, remember that agriculture took a drop of about 40 percent below the high point in 1947 whereas labor since that time has received increases in various industries.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. H. CARL ANDERSEN. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. H. CARL ANDERSEN. I am sure that the gentleman will keep that in mind, whatever proposal he might care to advance to the House, because after all the gentleman from New York has, in my opinion, always endeavored to be fair, and what both he and I want is to try to be fair to all segments of our great population. We must also keep in mind that costs which the farmer today must meet are nearly as high as in 1947. The men I hire today on my farm have not taken any considerable drop in wages since 1947. However, the barley I sell today for $1.40 per bushel brought $2.35 3 years ago. Rye sells today for $1.10 less a bushel than in 1947. The gentleman, I repeat, has always been fair and I am sure he will consider these factors.

Mr. JAVITS. I appreciate the gentleman's comment. I assure the gentleman I will be fair. I point out to the gentleman that during the war the income of agriculture tripled whereas the income of industrial workers just doubled. We have had that out before.

Mr. H. CARL ANDERSEN. Of course, the gentleman knows that the income of agriculture prior to the war was so pitifully small that any reasonable amount would triple it or even quadruple it.

Mr. JAVITS. I was not making that point with the idea of depreciating the gentleman's statement; but only by way of bringing out all the facts. I take the gentleman's injunction very sincerely and I will do my utmost in trying to be fair.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Illinois.

Mr. YATES. I think it should be pointed out, and I think the gentleman has a just point, that even though the income of the farmer has dropped, the fact still remains that food prices have gone up, and while wages have increased, the workers have to pay additional wages for the food.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Iowa.

Mr. GROSS. I want to say to the gentleman once again, as I did before, that the price that the farmer receives for the product he has to sell is not always reflected in the price that the consumer pays, by a whole lot.

Mr. JAVITS. I thank the gentleman and of course that is so. Yet we have to deal with the situation of a sensational rise in the prices of foods not alone since the Korean struggle began but a constant upward climb since April 1.

Mr. CELLER. Mr. Chairman, I ask unanimous consent that the amendments which I have sent to the Clerk's desk for consideration tomorrow be inserted in the RECORD at the inception of my remarks this afternoon.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DURHAM. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I realize the difficulty in writing such legislation as this and the problem that the committee has. I take this time particularly to ask some questions, and why such a section as 303 was placed in the measure, in the so-called substitute on page 8. Can anybody give me a good reason as to why this was placed in the legislation? It deals primarily with minerals and metals.

Mr. PATMAN. That was one of the things Mr. Symington said we must have.

Mr. DURHAM. Mr. Symington and all the departments have been asked consistently for the past 5 years since Public 520 was adopted as a stockpiling

measure if they needed any further legislation to acquire minerals and metals. That is the reason I cannot understand why this provision is placed in this measure.

Mr. PATMAN. I assume that during the emergency they would be willing to pay more for these materials than they have been in the past.

Mr. DURHAM. They are doing that at the present time, of course.

Mr. PATMAN. I do not know.

Mr. DURHAM. They are operating under a 25 percent differential because of the high prices on the "Buy American" plan. They have the money to buy these minerals and metals at the present time with the so-called 5 percent funds which we placed in the European Recovery Act, which at the present time stands with an unexpended balance of around $200,000,000, because we cannot acquire them from those countries offshore at the present time. So I see no particular reason why such a provision should be in the measure.

Mr. ENGLE of California. Mr. Chairman, will the gentleman yield?

Mr. DURHAM. I yield.

Mr. ENGLE of California. What the gentleman is saying is that Public, 520, passed in 1946, the Seventy-ninth Congress, is sufficient for all necessary purposes. I call the attention of our distinguished friend from Texas to the language on page 8, line 18, referring to purchases of these strategic and critical minerals and metals, and I ask for an explanation of this kind of language. It states here:

> Except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss of resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

Mr. DURHAM. I think the gentleman is raising quite a serious question there, because in the stockpiling program you have metals and minerals which have a life expectancy, and you necessarily have to rotate those metals. You might have to sell them at a loss, in order not to lose the whole thing.

Mr. ENGLE of California. Not only that, but could not this be considered an implied repeal of the provision of the Stockpiling Act which permits the 25-percent differential for the domestic producers? This language not only states that the Government shall not pay more than the market price for these critical and strategic minerals and metals but it says that higher prices can be paid for foreign production.

Mr. DURHAM. I think the gentleman is correct.

Mr. ENGLE of California. If there is any stockpile which is valuable to this Nation it is the stockpile from the domestic mines. This bill is apt to do exactly the reverse.

Mr. PATMAN. The reverse is not intended, I may say to the gentleman.

Mr. DURHAM. I certainly hope the gentleman from Texas is correct. I would like a full explanation as to just why such a provision arose. They have told us they needed no further legislation to acquire stockpiles and materials for the stockpiling of materials.

Mr. PATMAN. I hope the gentleman will read the hearings between now and tomorrow. I think he will find in the testimony an explanation which will be satisfactory to the gentleman .

Mr. DURHAM. Mr. Symington said no later than this morning that no legislation was needed for the acquisition of stockpiles of critical materials for the stockpiling program in this country.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. DURHAM. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DURHAM. Mr. Chairman, I yield to the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS of Arkansas. With reference to the statement of the gentleman from California [Mr. ENGLE], the testimony before our committee is that if we do not procure from certain foreign countries critical materials, even though there is domestic production, then certain foreign products would get into the hands of potential enemies. If we do not buy, they will buy them. I am sure the gentleman would not want that.

Mr. DURHAM. We can do that under the present Public Law 520. We have funds to do that, and we can do it now. We can commit ourselves up to 20 years if we want to.

Mr. HAYS of Arkansas. Incidentally, the language mentioned by the gentleman is the same in all three bills, the committee bill, the substitute offered by the gentleman from Pennsylvania [Mr. KUNKEL], and the substitute offered by the gentleman from Kentucky [Mr. SPENCE]. I appreciate his comment; and if it should be necessary to change the language, of course, the House should do that. But I do want to reinforce what the gentleman from Texas [Mr. PATMAN] said. It certainly was not the purpose of the committee to produce the result mentioned. We were satisfied with the statement of Mr. Symington, and I believe the gentleman from North Carolina would be satisfied. I think there is an abundance of material in the report throwing light on that problem. It is an extremely important problem. We need production both of our domestic producers and foreign producers.

Mr. DURHAM. I agree with the gentleman, but the fact is that we have the money today to buy material to put into the stockpiles. We can buy the materials in any part of the world we want to, or where we can get it. At the present time we also have over $200,000,000 of 5-percent funds which we were not able to expend because of the fact we cannot secure materials from countries who participate in the plan. I feel sure this is a limitation on the "buy American provision" in Public Law 520 and, in my opinion, will in no way add one item to our present stockpile of materials and should be stricken from all three measures before us.

Mr. DAVIS of Wisconsin. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to ask the members of the committee to explain three provisions in particular which I am somewhat concerned about. There are many broad grants of authority in the bill which I am not quite sure I understand the implications of, but I do not want to take the time of the committee to explain more than three of them at this time. One of them is on page 9, where the President is given the power to create new corporations. Is there any precedent in our recent history for the creation of such corporations by the President, and if so, can any member of the committee give me any examples of that?

Mr. MULTER. The RFC, of course, originally started before the war, but during the war it was authorized to help in various war activities. You have the Defense Plant Corporation which was created as a separate subsidiary. You have other corporations which were also organized during the war for the express purpose, as Government-owned corporations, to do various war jobs.

Mr. DAVIS of Wisconsin. Were they set up by the President, or did Congress provide the charter, and provide the authorization for them? I am sure in the case of the RFC at least the Congress laid out the charter.

Mr. MULTER. That is right.

Mr. DAVIS of Wisconsin. And provided the organization.

Mr. MULTER. That is correct.

Mr. DAVIS of Wisconsin. Were there any cases even during World War II where the President had the power to reach out and create a corporation as he does under the broad powers outlined in this bill?

Mr. MULTER. The creation of the corporation has its counterpart in every instance in a congressional authorization—in legislation of the Congress authorizing it. But somebody must actually physically go forward with the formation of the corporation, and we are here giving the authority to the President when he finds it necessary to bring these corporations into being. Of course the gentleman understands they do not come into being automatically.

Mr. DAVIS of Wisconsin. I appreciate that. But this places the power in the hands of the President as an individual to create any Government corporation that he may see fit.

Mr. MULTER. That is, within the limitations and restrictions of the bill. They must be for the purposes set forth in the bill. They must be related to the national security and to the efforts which we are seeking to further by the bill.

Mr. PATMAN. May I add also for the purpose of providing coordination.

Mr. DAVIS of Wisconsin. I do not find those limitations in the bill. All I find is the power that will be granted

to such corporations, if they are established.

Mr. MULTER. You must read the sentence in connection with section 302 and section 303. Section 304 reads:

For the purposes of sections 302 and 303, the President is hereby authorized.

Only those two sections. I was reading from section 304 on page 9.

Mr. DAVIS of Wisconsin. Yes, I appreciate that, but sections 302 and 303 certainly are broad in their objectives, and it does give a great deal of leeway to one person, to have the President authorized to set up these corporations without any further authorization from the Congress.

Mr. MULTER. If you agree with the principle as sought to be accomplished by sections 302 and 303, then I think you will agree that the President must have the power to create these new corporations for these limited purposes.

Mr. DAVIS of Wisconsin. I am not so much concerned about the fact that there shall be such corporations.. What I am concerned about is giving the President authority to create them without the Congress specifically authorizing it.

Mr. MULTER. Surely there is no great distinction between the President saying to a department, "You go ahead and do these things," and bringing into being a wholly owned Government "corporation which will do those things. It is much better if you have a wholly owned Government corporation do certain manufacturing, rather than to set up a department of Government in the manufacturing business.

Mr. DAVIS of Wisconsin. I do not dissent from that. The question I have is as to the advisability of permitting the President to do these things without specific authorization from the Congress.

Mr. MULTER. The question of advisability is a matter of principle that we will have to lay down here.

Mr. DAVIS of Wisconsin. Yes. That is right.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Wisconsin. I yield.

Mr. YATES. The gentleman from New York has just stated that the Government could create a corporation to do some manufacturing. Is that provided for in this section? As I interpret section 302, it is with reference to the granting of loans to private business, and the power to create the corporations is for the purpose of implementing that board. Is that not true?

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. DAVIS of Wisconsin. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DAVIS of Wisconsin. I yield to the gentleman from New York.

Mr. MULTER. Section 302 does cover loans and guarantees of loans, but section 303 provides "to assist in carrying out the objectives of this act, the President may make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels," and so on.

Mr. YATES. But that gives no authorization for manufacturing or producing facilities.

Mr. MULTER. Yes. Page 9, subsection (c), says:

The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

But I think it would be a fair interpretation of that language. There seems to be some difference of opinion as to whether or not it can be interpreted as broadly as I have interpreted it. But it certainly does give him the power to buy, transport, and store these products and make loans in connection therewith.

Mr. DAVIS of Wisconsin. I have two more questions that I would like to ask. The second question I have is with reference to page 26, where the bill begins to set forth very broad licensing powers in the hands of the President. I can recall legislation during World War II that existed for export licenses, and things like that. This is much broader than anything that I am familiar with in World War II legislation. Was there such broad legislation as this in effect at that time?

Mr. MULTER. We are inclined to overlook the fact that during World War II there were no actual licenses issued to each person who was in business, or to each person to whom was loaned the money. Nevertheless, the law provided, just as it does here, for these licensing provisions. As a matter of fact, the Federal Reserve Board, I think, one time granted what was known as general licenses, without issuing specific licenses to each person. That law was that anyone lending money, any bank or private company engaged in the business of lending or financing these various industries, had to file a statement with the Federal agency advising what they were doing; and under the general-licensing provision they were deemed to have a license. The same with anyone engaged in the sale of products; the law said they must have a license. The Administrator issued what was known as a general license. If there was any violation, the court suspended or revoked the license, but no specific license was issued in each case.

Mr. DAVIS of Wisconsin. Is this substantially what was done in the other law?

Mr. MULTER. Yes.

Mr. DAVIS of Wisconsin. And does not go any further than that language?

Mr. MULTER. No.

Mr. DAVIS of Wisconsin. A third question is that on page 30 the bill contains this language:

The President is authorized * * * including the designation of such persons, boards, or commissions as he may deem proper to carry out the provisions of this title * * *. Due regard shall be given to terms and conditions of employment established by prevailing collective bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this act.

I am wondering to what extent this amounts to a bypassing of the National Labor Relations Board or the National Conciliation Service in the settling of these disputes. We have had some controversy at least in the newspapers on this subject, and I am wondering if this could be interpreted as a means of bypassing what these agencies may be trying to do.

Mr. MULTER. This title, unlike others, proceeds along different lines. In most other statutes we suspend all other laws inconsistent with the law we enact; here we do just the opposite. I call the gentleman's attention to the last sentence which reads:

Any such action shall be consistent with the provisions of the Fair Labor Standards Act of 1938, as amended, and other Federal labor-standards statutes and with other applicable laws.

In other words, this must be construed with and follow existing statutes.

Mr. DAVIS of Wisconsin. In other words, it would be in addition to and not in place of.

Mr. MULTER. In addition to and not in place of, yes.

Mr. DAVIS of Wisconsin. I thank the gentleman.

Mr. LYLE. Mr. Chairman, during the past 2 days there have been many confused pleas from the well of this House. Their justification is a matter of speculation, but I do not want it to be charged per se that every Member is confused. I believe that many Members are thinking calmly and clearly.

There could not possibly be enough confusion to obscure and black-out the basic principles, facts and circumstances that are self-evident. When the President of the United States, having full knowledge of the workings of the Congress of the United States, requested the immediate passage of the Defense Production Act of 1950, he most assuredly knew then that if he tied in price and wage controls and rationing it would result in prolonged debate and would cause a delay in the procurement of the vital materials needed by the United States. He stated then that he would request additional controls as the circumstances dictated. There can be no confusion about his position on that matter.

We could not be confused on the issue that the President desires and that it was in the interest of the Nation for him to have the power to requisition needed materials. In justice to the Nation this House should have passed these controls before now.

There is another matter about which there can be no confusion, Mr. Chairman. As a basic principle, good legislation comes after the proper committee has procured ample testimony and facts and has prepared legislation to meet the circumstances revealed by that testimony and those facts. Our Committee on Banking and Currency should begin immediate hearings on price and wage controls and rationing and such other controls as are necessary to meet the needs brought on by our participation in the Korean campaign and such other requirements as might easily be required by our fight against communism. The committee should investigate

immediately into the causes for unwarranted increases in the cost of things the people must buy daily so that the legislation they recommend and the legislation this body passes would aim at the heart of the problem.

It is not a pleasant spectacle to the American people in their concern for the general welfare to have a Kunkel bill or a Spence bill or any bill except one drawn by the proper committee after due hearings and deliberation and based upon the demands of the circumstances. The people want and are entitled to legislation that is consistent with the problem at hand and they cannot get that type of legislation out of the midst of a political struggle. And I now, Mr. Speaker, urge that the Committee on Banking and Currency begin hearings as quickly as possible on price and wage controls, rationing and such other measures as are necessary to keep a stable economy while we fight communism abroad.

It seems to me most consistent with the circumstances in which we find ourselves to immediately pass the Defense Production Act of 1950 with stand-by controls, and to then request our Committee on Banking and Currency to recommend as quickly as possible adequate legislation in the field of further controls.

There can be no confusion about the soundness of this. Controls voted today without adequate machinery for enforcement and without proper thought and consideration of the entire problem will result in more chaos and confusion than stability.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. LYLE. I yield to the gentleman from Montana.

Mr. MANSFIELD. I would like to call the attention of the gentleman from Texas, my very good friend, to the fact that there is a necessity for some sort of price roll back, if my mail is any indication of the sentiment of the people.

Mr. LYLE. It is my judgment that it is not only unwise but most difficult to attempt to legislate on the mail that comes to the Members of Congress. Such mail is refreshing, inspiring, helpful, and useful, but it cannot alone be the basis of legislation that affects 150,000,000 people.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. LYLE. I yield to the gentleman from Texas.

Mr. PATMAN. May I ask the gentleman if it is his recommendation that we pass the original bill? Should we vote down both substitutes and pass the original bill? He stated that we should have standby price controls and wage controls.

Mr. LYLE. The House is going to have some kind of wage and price controls. It ought to be flexible. There is no machinery, and you know it, whereby it could become effective immediately.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. LYLE. I yield to the gentleman from Georgia.

Mr. COX. With regard to this stand-by legislation, there are those of us who would not be satisfied with that kind of a measure because of the fear that it would not be used in dealing with the labor situation.

Mr. LYLE. In answer to my dear friend—and there should be no confusion about this, either—it is fundamental that if you have controls over prices you must control wages also. But there is another thing. You cannot simply control wages of the men who work in the steel plants and like places. You must also control the wages of people who work on commission, people who make profits in all fields.

Mr. COX. I agree with the gentleman.

Mr. LYLE. Mr. Chairman, let us move along by first supplying the President with the authority he requests, and then as rapidly and as orderly as possible enact those additional controls that our situation demands. Good and adequate legislation comes, not from under park benches, as do some good ideas, but it comes out of the proper functioning of our great committees.

(Mr. LYLE asked and was given permission to revise and extend his remarks.)

Mr. BARDEN. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I ask for this time in order to make a brief statement and at the same time see if I can get a little information on some parts of this bill. So far as I am personally concerned, if my Nation is in trouble, and it is, I am perfectly willing to go straight across the board and take any steps that are necessary to insure an early recovery from that trouble. That feeling, I am sure, is shared by all good Americans. Some may have differences as to the approach to the problem, but we all have that feeling.

I have listened to the gentleman from Texas [Mr. PATMAN] on a number of occasions in answering questions refer to the existence of this emergency. I have heard any number of Members, virtually every single speaker in this well, refer to the fact that this Nation is in an emergency. Yet there is no reference to a declaration of the existence of an emergency in this bill. I am wondering why that has been left out. I am wondering if the gentleman from Texas can give me some light on that.

Mr. PATMAN. I assume it is because the present trouble is looked upon more as a police action than an over-all war. We are not ready to admit that we have a national emergency.

Mr. BARDEN. The gentleman has admitted it and every Member of the House has admitted it. The President has admitted it by asking for absolutely unlimited powers.

Mr. PATMAN. We hope it is temporary.

Mr. BARDEN. My stars above, do you not hope this law is temporary if we pass it?

Mr. PATMAN. Certainly.

Mr. BARDEN. I read over on page 2:

It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations—

And so forth.

Is this to last as long as the United Nations set-up remains in existence?

Mr. PATMAN. Mr. Chairman, if the gentleman will yield, there is a definite date that it will expire, in June, 1952, or whenever the Congress, by concurrent resolution, declares this temporary emergency at an end.

Mr. BARDEN. There we go again, "temporary emergency." We are not declaring any emergency so how could we pass a resolution declaring the emergency over, unless we say it exists, puzzles me. Let me say to the gentleman, I believe in meeting an issue right square in the face. Somewhere back yonder I heard a little verse which said: "When we once attempt to deceive, oh what a tangle do we weave."

Now, the thing that troubles me here is why can we not approach this thing from the front door and say that the United States of America is facing an emergency? As a result of that, the people of America through their Representatives are willing to take this step, grant these powers, and entrust the Administrative head of our Government to guide this Government out of that emergency. I think that is the way the American people would want it; that is the way I justify voting for these unusual powers; that is the way the gentleman from Texas better justify his voting for these unusual powers. Yet, in the wordage of this bill we are faced with everything normal, and over here in the very caption of it, why it uses the words "and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes." Why, you could wind up the Social Security Act that way.

Mr. PATMAN. I believe you will find that the Secretary of Defense, Mr. Johnson, testified today, and the Chairman of the Joint Chiefs of Staff, General Bradley, testified that they believed $10,500,000,000 would be enough to take care of this present emergency, which they considered temporary. They do not consider it at all an all-out emergency.

Mr. BARDEN. Wait a minute. An emergency? The gentleman says "not an all-out emergency" but it is an emergency.

Mr. PATMAN. It is a temporary emergency; yes. We hope it is temporary.

Mr. BARDEN. How temporary?

Mr. PATMAN. We hope it is temporary.

Mr. BARDEN. Now, that is a little bit like defining how high is high, is it not?

Mr. PATMAN. This ends in 1952.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. BARDEN. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. PATMAN. Or at such earlier times as the Congress, by concurrent res-

olution, or the President, by proclamation, may designate. So, it will certainly end in 1952 and it can end earlier than that by proclamation of the President or resolution of the Congress.

Mr. BARDEN. Let me say to the gentleman from Texas, we have granted powers like this before, but never in our lives have we ever done it except upon the declaration of an emergency, and I do not think that can be denied.

Now we come to this: A bill bounces in here yesterday afternoon, took a couple of hops and turned out and changed its color and here it is again, and we are traveling when we pass some 48 pages of law here that fast, it really troubles me when we do it in that fashion. If the President declares an emergency, as a matter fact I think the gentleman will agree with me that there are probably 60 percent of these powers that would be his powers as a matter of right, as the President of the United States, if he declares an emergency.

Mr. PATMAN. Certainly, but I do not think we are willing to admit now that we are in world war III. If that is what the gentleman is trying to get me to agree with, I am not going to agree; therefore I think the President is right in not declaring a national emergency.

Mr. BARDEN. I just say to the gentleman we are in the next war after World War II. I do not know what number the gentleman wants to assign to it, but when a quarter of a million people are shooting at each other and killing each other, that is not backyard play stuff. If an emergency exists let us declare it and pass appropriate legislation, if it does not exist then nothing is required but peacetime legislation.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. BARDEN. I yield to the gentleman from Georgia.

Mr. COX. I wonder if the gentleman proposes to make any observation with reference to title V of the bill. Does he find in that title sort of an undercover monkeying with the Taft-Hartley law?

Mr. BARDEN. I will say to the gentleman that that was my real purpose in taking the floor.

Mr. PATMAN. It is just the opposite of the suggestion of the gentleman from Georgia.

Mr. BARDEN. I will have to ask the gentleman from Georgia to clarify that statement. Does the gentleman want to say something on that point?

Mr. PATMAN. Yes. The gentleman from Georgia suggested that it would affect the Taft-Hartley Act. I invite the gentleman's attention to the last sentence in section 503, which reads:

> Any such action shall be consistent with the provisions of the Fair Labor Standards Act of 1938, as amended, and other Federal labor standards statutes and with other applicable laws.

Mr. BARDEN. I believe I have labored with more labor laws than the gentleman ever will, I hope.

Mr. PATMAN. I am sure the gentleman has.

Mr. BARDEN. A lot of it I have not enjoyed, either. But I want to know who testified as to this section before your committee. Who was it? Where did it come from?

Mr. HAYS of Arkansas. If the gentleman will yield, the part the gentleman refers to is not in the committee bill.

Mr. BARDEN. What is this bill, the Spence bill?

Mr. HAYS of Arkansas. It is in the bill offered by Mr. SPENCE but not in the committee bill.

Mr. BARDEN. The gentleman does not mean to tell me the committee has not approved this bill?

Mr. HAYS of Arkansas. The gentleman is speaking of Mr. SPENCE's substitute.

Mr. BARDEN. One of us is badly mixed up.

Mr. HAYS of Arkansas. No, I do not think either of us is.

Mr. BARDEN. I am talking about this bill that was offered by the gentleman from Kentucky [Mr. SPENCE]. It is headed "Committee Print." Did not the committee print this bill?

Mr. HAYS of Arkansas. No.

Mr. BARDEN. The committee has not approved this bill?

Mr. HAYS of Arkansas. No.

Mr. BARDEN. Does the gentleman know anything about this bill?

Mr. HAYS of Arkansas. Yes. I am quoting the gentleman from Kentucky [Mr. SPENCE]. He said this to the House this morning.

Mr. BARDEN. Wait a minute. I do not want any hearsay unless the gentleman can give me some trace of where this section came from.

Mr. HAYS of Arkansas. I am trying to, sir. The committee did not approve Mr. SPENCE's substitute nor consider it. He offered it in his own name this morning, and it does not represents committee action. The committee did not pass on it one way or the other. When the gentleman referred to the committee bill, I naturally assumed he referred to the original bill which is before the House, H. R. 9176. That was the reason I said title V is not in the committee bill.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. BARDEN. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. BARDEN. If I have made a mistake, was it not a perfectly normal one? Who was it said that if he saw a feathered bird in the barnyard, with a flat bill and webbed feet, and it walked around and said "Quack, quack," and associated with ducks, he would naturally assume it was a duck. I naturally assumed this bill was a committee bill.

I am still worried over this title V. I happen to be chairman of the Labor Committee, and we have a staff, we have counsel, and we try to work with the Labor Department and with the other agencies of the Government. There is not one single agency of this Government, not one department head and not one single member of the Committee on Banking and Currency that opened his mouth about any need for additional legislation of this type. I do not know how far this legislation goes. I have read it. I asked the committee counsel, "Where is the gimmick in it? What is it in here for?" If it is what the gentleman from Texas [Mr. PATMAN] says, then there is no necessity for it. Just go on and use the existing law we have.

Mr. HAYS of Arkansas. It seems to me what the gentleman has said confirms what the gentleman from Georgia [Mr. BROWN] said this morning, and the gentleman from Oklahoma [Mr. MONRONEY], which represent my views. It would be far better for us to come back to the committee bill, H. R. 9176, and pass that. It embodies the powers that we are pretty much in agreement on. Then the Committee on Banking and Currency could begin at once to hold hearings.

Mr. BARDEN. Let me say to the gentleman that I am approaching this matter rather seriously.

Mr. HAYS of Arkansas. I know that, of course.

Mr. BARDEN. I want to do the thing which is necessary and helpful and wise for my country.

Mr. HAYS of Arkansas. Why nobody knows the gentleman from North Carolina would question that.

Mr. BARDEN. We are in more trouble than just a little police action, and we are making plans for it. I want somebody who can stand up here and tell the 435 Members of the House just what this bill means and what it does and where the authority for this statement comes from.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. BARDEN. I yield.

Mr. HALLECK. When the debate opened on this measure, I said then, and I want to say again, that as far as the provisions of the bill as reported by the committee are concerned, there is no emergency. No one has pointed out where there is any lack of steel for any defense project in being. If there is an emergency at all it is on the price control side. As a matter of fact, if the emergency had not been there, if the demands had not been coming in to Members of Congress from all over the country to do something in that field, you would not have any Spence substitute, and I do not think you would have any Kunkel substitute.

Mr. BARDEN. I am perfectly willing to work and study and investigate and take no chances so far as passing legislation which might be needed. But I have discussed this matter with the gentleman from Pennsylvania [Mr. MCCONNELL], the ranking minority member of the Committee on Education and Labor, and we can find no reason for it and no source for this language.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. HALLECK. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Chairman, the gentleman has made some very helpful and interesting observations in respect to the so-called labor sections of the Spence substitute. Could the gentleman advise us, in the light of his long experience in connection with labor legislation and the development of such legislation, whether or not the language contained in the Spence substitute would be so broad as to permit the President to resort to injunction, for instance, to settle labor disputes or to use the military forces of the country to settle labor-management disputes?

Mr. BARDEN. I wish I could give the gentleman an answer which would be at least satisfactory to myself, but I do not see any provision here for any appeal or any relief from any ruling which may be made. I do not know what could be done by some board which might be consistent with anything that might be done under this language. I reckon anything that was not inconsistent would be "consistent," and that gives them a rather large field of operation. I do not know—I just cannot answer the gentleman's question.

Mr. HALLECK. On page 30 we find this language:

> The President is authorized after consultation with labor and management to establish such principles and procedures and to take such action as he deems appropriate for the settlement of labor disputes affecting the national defense.

Now then, "to take such action"—some have said to me might be so broad as to permit any sort of action such as an injunction or the use of the military, or anything else that the President might see fit to use and certainly so far as that language is concerned, I think it would do serious damage to the emergency provisions of the Taft-Hartley Act which are presently in effect.

Mr. BARDEN. I could lift that paragraph out of this bill and bring it in under a separate resolution and offer it on this floor and start the worst fight you have ever seen over that one paragraph, but when we see it in a 48-page bill like this, we are more or less inclined to take it and go right along. The things that I see in there that are troublesome are going to affect some other folks, whose views are not always in accord with mine, more than they are me.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. BARDEN. I yield.

Mr. MONRONEY. I appreciate very much the statement the gentleman has made in discussing the difficulties in trying to write a perfect bill on the floor of the House. Would the gentleman enlighten us, because of his experience, as to his views on the provisions of the Kunkel bill, which is before the House the same as the Spence substitute?

Mr. BARDEN. I am sorry. I have not even seen the Kunkel bill. Both were introduced or offered today.

Mr. MONRONEY. At a later time may I ask the distinguished chairman of the Labor Committee to examine the provisions of the Kunkel bill and give us his opinion on that as well?

Mr. BARDEN. Well, I do not know that it will be of any value, but I will be glad to do that.

The CHAIRMAN. The time of the gentleman from North Carolina has again expired.

(Mr. VURSELL asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. VURSELL. Mr. Chairman, today I want to discuss the resolution I recently introduced to provide for the building of a bridge accoss the Wabash River between New Haven, Ill., and Mount Vernon, Ind. There has been considerable criticism of my action, particularly by the newspapers at Evansville, Ind. I want to give the people interested my reason for introducing the resolution, and the facts as I see them.

I welcome fair and just criticism. Those who have served with me for 8 years, and the people who know me best, at times may question my judgment, but they seldom question the sincerity of my purpose.

The press sometimes misrepresents one's purpose and gives the people the wrong impression through a barage of criticism, misleading cartoons, and only partial facts. I think that has happened in this instance. However, I have always believed that truth will catch up and win through.

Mr. Chairman, when I was elected 2 years ago to represent the new twenty-fourth district, I gave up years of seniority on a major committee and transferred to the Committee on Flood Control, believing I could render a greater service to the people because of the flood problems along the Wabash and Ohio. I believe everyone in the valley who has followed my work will agree that I have rendered a real service in pushing the projects of flood control affecting five or six counties. There is much to be done along this line in the future, and it will be done.

I believe all will agree that in this session of the Congress I rendered an outstanding service to everyone interested directly or indirectly in preventing the passage of legislation that would have gone far toward wrecking the oil industry in southern Illinois.

WHO BLOCKED WHAT?

The press has intimated that I, with others, have helped to block the Indiana Toll Bridge Commission from constructing this bridge across the Wabash River. I told the people in the vicinity of New Haven over 2 years ago that I would try to be helpful to them in securing such a bridge. I now offer definite proof that such charge of obstruction on my part is not true.

The Indiana Toll Bridge Commission has been talking about building such a bridge for several years. Rather than block them, I tried to help them. Here is the proof:

On March 2, 1948, 2½ years ago, at the suggestion of Mr. H. J. Phelps and other business men of Norris City, I contacted Governor Green's office by letter to his administrative assistant, Mr. Leslie P. Volz, and asked him to confer with the Governor. I strongly recommended that the State of Illinois agree to build the approach at New Haven, Ill., in an effort to be helpful to the Indiana Toll Bridge Commission to construct the bridge then, they are now talking about. In reply I received the following letter:

SPRINGFIELD, ILL., *March 29, 1948.*

Honorable CHARLES W. VURSELL,
Member of Congress, Washington, D. C.

DEAR CHARLEY: Your letter received expressing your keen interest in the building of an approach to accommodate a bridge across the Wabash River.

Herewith enclosed is copy of letter which I have just written to Mr. H. J. Phelps, chairman of the Norris City Lions' Club road and bridge committee, relative to the Wabash River bridge, which is self-explanatory.

For your information, it appears from what Mr. Polk, chief State highway engineer, has told me, that the Governor has agreed that the State should build a connection to this bridge.

With personal regards and all good wishes, I am

Sincerely,

LESLIE P. VOLZ,
Administrative Assistant to the Governor.

That should prove to everyone that I was trying to help, rather than block the building of the bridge. Governor Green was defeated, which prevented his further cooperation.

TOLL BRIDGE CROWD

Another reference in the press suggested I had joined the toll bridge crowd. Well, let us see about that.

There are only two ways the bridge in question can be built. If the Indiana Toll Bridge Commission builds the bridge, or has it done, some organization will be given the authority by the Federal Government to issue and sell bonds to the public which may be redeemed in 30 years. The Commission will then collect sufficient tolls to pay the cost of operation, and set aside a sinking fund with which to redeem the bonds as they come due. At the expiration of 30 years, under present law, or earlier if sufficient tolls are collected to retire the bonds, it will become a free bridge.

There is another way the bridge can be built, and that would be a free bridge. If Governor Stevenson, of Illinois, and Governor Schricker, of Indiana, would each have their legislatures appropriate one-half of the cost of the bridge to be paid out of State revenues, and then construct the bridge, tolls would not be necessary and it would be a free bridge. Possibly these two Democratic leaders have enough power with the people of their States to get such laws passed to build a free bridge. However, I doubt it.

People on both sides of the river want the bridge built. None of us like to pay tolls, but often we would rather have the bridge and its convenience, particularly in times of high water, even if we do have to pay to cross it.

It is not a matter of any personal interest to me. I seldom cross the Wabash. I like Illinois best. I was simply trying to render an honest, and what I thought to be a fair service to the people. The chances are 99 out of 100 that any bridge built will be a toll bridge. If we get a bridge, we will all have to join the toll-bridge crowd.

In order for the White County Bridge Commission to build a bridge, a resolution has to pass the Congress. Not so with the Indiana Toll Bridge Commission. All it has to do to build this bridge is to bring a plan to the Army engineers and the Secretary of the War Department which they will approve under Federal law, sell bonds to raise the money, and then begin the construction of the bridge. If they have not done it, why blame me?

Knowing the desire on the part of a great many people in my district that this bridge be built, when I was approached recently by former Congressman Clippinger who informed me that the White County Bridge Commission would like to have its authority extended to build this bridge, I gave the matter consideration.

In order to give full consideration to the matter, I held a conference which was attended by a representative of the United States Army engineers, the attorney representing the Committee on Public Works and Flood Control, an attorney from the legislative counsel of the House of Representatives, and Mr. Clippinger representing the White County Bridge Commission.

As the result of this conference, the resolution was drafted which I introduced.

In introduced the resolution in good faith believing I could assist in rendering a transportation service to the people of my district who want to cross back and forth into Indiana.

I would have introduced such a resolution for any responsible group of citizens in my district, regardless of their political views, who would have assured me they were capable of, and desired to build the bridge.

POSTPONES CONSIDERATION OF BILL

I am not interested in who builds it. I only want to follow the wish of the people I represent. To prove the sincerity of this statement, I shall request when the resolution comes before the House of Representatives again in the next few days that further consideration of the resolution be postponed for this session of Congress.

I take this action so the people who are interested may have an opportunity to more fully consider the facts surrounding this controversial question. The criticism and opposition to the resolution, I feel, has confused, rather than clarified, the thinking of the people as to the intent and purpose of the legislation.

A news article in the press carried in various papers Monday, July 31, adds to the confusion and I quote the article in part:

The Indiana Toll Bridge Commission wants to build the bridge and make it toll-free as soon as the bonds are retired. It opposes the building of the bridge by the White County interests by pointing out it has collected tolls on the New Harmony Bridge since 1930, and many of the bonds are said to be outstanding.

First, the people should know that if the Indiana Toll Bridge Commission builds the bridge under the Federal law it will be financed with 30-year bonds and the people will doubtless pay tolls for 30 years before the bonds are retired and it becomes a free bridge.

Furthermore, the record shows that the White County Bridge Commission under Federal law acquired the New Harmony Bridge in 1941 by issuing bonds to be paid out in 20 years. Every bond has been paid on time and it is predicted that the bonds will be retired in probably 19 years instead of 20 and no more tolls will be collected.

The action I am taking however will give the Indiana Toll Bridge Commission an opportunity to break their talking filibuster of the past few years and give them, or anyone else interested, an opportunity to get going on this project if they so desire. It will be interesting to watch and see whether any action is taken.

A PUBLIC AGENCY

Mention has been made in the press that the White County Bridge is a private bridge. That is not true. The White County Bridge Commission was created under an act of Congress April 12, 1941, under a bill introduced by Senator LUCAS. Here is what the law says:

Section 4 of the act provides for a commission composed of three citizens of Carmi, Ill., to direct the affairs of the White County Bridge Commission. Section 4 of the act says:

The commission is hereby authorized to provide for the payment of the cost of such bridge as may be acquired and its approaches by an issue of negotiable bonds, which bonds shall mature at such time or times not exceeding 20 years from the date of approval of this act.

The commission may employ a secretary, treasurer, engineers, attorney, and other such assistants and employees as they may deem necessary, who shall be entitled to receive such compensation as the commission may determine.

The law states that "each member shall qualify and be approved by the Federal Works Administrator here in Washington."

The law further states:

Before the issuance of bonds herein provided, each member of the commission shall give such bond as may be fixed by the commissioner of public roads, conditioned upon the faithful performance of all duties required by this act. The commission shall elect a chairman and a vice chairman from its members, and may establish rules and regulations for the government of its own business.

Section 9 of the act says:

The commission shall have no capital stock or shares of interest or participation, and all revenues and receipts thereof shall be applied to the purposes specified in this act.

The law states that—

Maximum compensation of the chairman in any year shall not exceed $1,200 and of each other member of the commission named not to exceed $600 per year.

According to the records I have before me, the New Harmony Bridge opened for business on January 1, 1931. In 1941, according to the records, it was acquired by the White County Bridge Commission.

The records show that all bonds have been retired at their maturity date, and as of the month of June there is a sinking fund in the amount of $55,801.23. It appears that all bonds now outstanding against the White County Bridge Commission should be liquidated and the bridge be free of tolls on or before June 1, 1960.

The bond issue was to run for 20 years from 1941. If they liquidate the bonds on or before 1960, the bridge will become free 1 year earlier than anticipated.

Let me close by saying, my only purpose has been to try to serve the best interest of all the people of my district.

This whole bridge question is only a small tempest in a teapot, which has been blown up and magnified far beyond its importance.

MORE IMPORTANT BUSINESS

Let us now turn to something a great deal more important and more serious which needs my attention here in Washington and is giving the people of my district great concern and worry.

Our American boys are sacrificing their lives 6,000 miles away from home in Korea in the defense of this country. It is for us now to plan and work to give them and the Government every ounce of power and support. Let us put first things first. The lives of our boys and the defense of our country is now first in every home in America.

Mr. Chairman, in concluding my remarks, I include an editorial from the New Harmony Times which discusses at some length the operation of the White County Bridge Commission's administration of the New Harmony Bridge:

NOW LET'S READ THE TRUE STORY

It has been the policy of the New Harmony Times to try to deal with facts and not fancies. Pursuant to this policy, when the furor regarding the local bridge was started we contacted Mr. Roy Clippinger, manager of the bridge commission, who furnished us with the following facts.

The bridge commission is not a private interest. The commission was created by Public Law 37 of the Seventy-seventh Congress, chapter 71, first session, Senate bill 324. The commissioners have to qualify with the Federal Works Administrator, in Washington, D. C., and salaries of the commissioners were set by the law at $50 per month, and $100 per month for the chairman of the commission—this cannot be changed. There are no stockholders, the purchase of the bridge was entirely from the proceeds for the bond issue sold at the time of the creation of the White County Bridge Commission.

The law specifically states that when the bonded indebtedness has been paid that the bridge shall be given to the States of Indiana and Illinois.

Those of us who live here are aware that considerable money has been spent to keep the river under the bridge. From Mr. Clippinger we got the figure $562,965.16 as having been spent since the creation of the commission, June 13, 1941, for this purpose. These programs of maintenance are not undertaken without the consent and orders from the consulting engineer. This consulting engineer is the representative of the trustees. The maintenance figure given does not include the usual maintenance that must be taken care of.

The purchase price of $895,000 for the bridge and $50,000 for the ferry was made through money derived from the original bond sale of $945,000. When the bonds were sold the American National Bank & Trust Co., of Chicago, were made the trustees, and all money aside from that required for

operation and maintenance of the structure is deposited with them to be used for the retirement of bonds and for interest to the bondholders. These trustees, through their engineer, have a control on the maintenance expenditures, and at all times are well aware of any work that is being done or that is needed to be done. Again, there are no stockholders to receive dividends as the only indebtedness is that to the bondholders.

The income of the bridge has not always been at the level of today; in fact, there was 1 month in its history when the gross income was $38.40 (April 1933).

We have heard the time required to retire the bonds on the Henderson Bridge mentioned in connection with the local bridge. Those who make this comparison are not aware of the facts: Tolls on the Evansville-Henderson Bridge had to retire only one-half of the cost of the structure; the other half was at the cost of Indiana taxpayers. This reduced not only the principal but also the interest that was required. The traffic on United States 41 is over eight times as great as over United States 460.

The commission was set up with the bonds to all be retired in 1960. The commission is, and always has been, ahead of schedule in the retiring of the bonds. When the bonds were sold they were divided into classes, difference classes to be redeemed different years. Their redemption is well ahead of schedule.

During times of high water, as many people have found out to their personal benefit, the bridge at New Harmony is open when all other means of getting into Evansville are closed. This is no accident, nor was it done without expense. The fill across the Illinois bottoms was built by the State on land jointly purchased by Phillips Township and the Harmony Way Bridge Co., then owners of the bridge.

In speaking of high water, it is true that when this is the only means of crossing the Wabash there is an increase in traffic which means an increase in revenue, but from the standpoint of the retiring of bonds it also means an additional expense which far offsets the benefits. As an example, during the high water of this spring it was necessary that the bridge spend $18,756 to prevent the river's cutting to the west enough to endanger the bridge structure. This same has been true during all of the former high waters since 1943. This problem is not a result of malmanagement; it is a result of the river's tendency to cut off its west bank. This tendency became apparent soon after the bridge was built and even before the bridge was open to traffic it was necessary that a land pier be converted into a river pier.

Few realize that the tax bill of the commission is $11,500, that the insurance is $5,000. Frankly, few people have any idea as to the amount of money involved in the operation and maintenance of a toll bridge; it is not a matter of just paying the collectors and the light bill.

The bridge budget, which is submitted to the engineer and to the trustee for approval at the first of the year was shown to us and is as follows: Operating expense, collector's salaries, light, heating, uniforms, etc., $29,586. Maintenance expense as set up this year was $25,710. General and administration expense, including commissioner's salaries, bridge manager's salary, salaries for bookkeeping, auditing expenses, trustees, and fiscal agent, fee for consultant, advertising, taxes, insurance, etc., $42,910, making a total for this year of $102,756.58. This is not a typical budget as in the maintenance expense there is included two items of $8,060.58 and $15,000 which were owed to contractors for work done last year, representing an expenditure that depends entirely on what the river does to the west bank, and how much the commission is forced to do in the preservation of the bridge to keep it in an operating condition.

Since the White County Bridge Commission took over the bridge in 1941:

Bonds paid	$367,000.00
Spent for river maintenance	562,965.15
On deposit with banks and trustee	60,597.01
Total spent aside from regular maintenance and operations	990,562.16
Total income	1,606,596.10
Total as above	990,562.17
Total operations and regular maintenance from June 13, 1941, through June 30, 1950 [1]	616,562.17
Average operations and regular maintenance per year	68,448.33
Average per month	5,704.02

[1] In this figure is included collector's salaries, taxes, interest, insurance, painting the bridge, auditors, commissioner's salaries, and supplies—in fact all of the expenses aside from river maintenance and the retiring of bonds.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. KUNKEL. I would like to call attention to the fact that there is absolutely nothing comparable to title 5 in the Kunkel substitute, in view of what the gentleman from Oklahoma [Mr. MONRONEY] just said.

Mr. FULTON. May I ask the committee a question with reference to page 23, section 408 (a) of the Spence bill? It provides there:

Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 403 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision—

And so on. Then, if you will turn back to page 17, you will see what section 403 is. It says:

It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade, to buy or receive, any material or service—

And may I comment there, that term would include labor services—

or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt, or agree to do any of the foregoing.

I come from an industrial area in Pittsburgh, and we in Pittsburgh do not like blanket injunctions. We do not like injunctions that can be issued even without somebody coming up and giving the reason why, and without restriction as to number or method of issuance. In fact, we do not like injunctions at all.

Now, if there is a labor organization, for example, that would simply solicit its members in person or through its publication to take certain actions which they believe under the Constitution they have a right to do to obtain a good contract through the principles of collective bargaining, how far does this injunctive power go in preventing such action? What are the limits on this injunction power, how many people can be covered? Does this provision in any way limit or exclude blanket injunctions, or, as we have called them, yellow-dog contracts? Or, if you once sign such a contract, then you cannot assert any rights whatever, whether labor or management?

Mr. MULTER. May I answer the gentleman briefly?

Mr. FULTON. I yield to the gentleman.

Mr. MULTER. This provision is the identical provision we found in the controls during World War II. I think you will recall that the courts in interpreting that said you cannot enjoin anybody to work. You cannot issue an injunction against anyone to compel them to go to work and remain on the job if they refuse to work. You must read it in connection with the intent of the act, as far as section 403 is concerned. If anybody attempts to violate the price-control provisions, or any other provision, you must be in a position to move in and stop it before the damage is done.

Mr. FULTON. Then, why do you have the word "service" in section 403, if it refers just to price control, rather than matters that have to do with employment?

Mr. MULTER. There is a volume of adjudicated cases that came about during World War II which interpret and restrict this language, and that is why we tried to use language that had already been interpreted by the court instead of going out and writing new language which would require a new interpretation by the courts.

Mr. FULTON. The committee means by this bill that in peacetime, which we now are in, although there is a crisis at hand, that in these times of peace, you are to then invoke war controls for labor, service, and employment?

Mr. MULTER. I mean to say that if we must invoke controls, price controls, wage controls, and other controls we ought to go all out and make them enforceable.

Mr. FULTON. Does that include having controls such as the President had put in the railroad bill that he once submitted here, to put people in the Army if they failed to agree to certain terms of employment? And, secondly, would this provision cause the issuance of blanket injunctions even without service individually on individual members, for example, of a labor organization?

Mr. MULTER. I am afraid I am not in position to answer the gentleman's question; but certainly, if railroad transportation is necessary in order to transport vital materials that are needed in Korea or anywhere else in connection with this all-out effort that we are embarking upon, that we have got to go all out.

Mr. FULTON. I am sorry that there are not specific provisions in this Spence bill for protection for labor and management in legitimate negotiations, for collective bargaining, and for new contracts that are entered into by such legitimate means.

Mr. MULTER. If it is not here, let us put it in.

Mr. FULTON. I agree.

Mr. HAYS of Arkansas. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from North Carolina brought out an important point. I am sorry that no member of the committee momentarily at the table could answer his question regarding the purpose of the gentleman from Kentucky [Mr. SPENCE] in title 5. I believe, however, he will find that it was not the purpose of the author to change the provisions of the Taft-Hartley bill, and that the import of the title is not as the gentleman from North Carolina [Mr. BARDEN] fears. It confirms the wisdom of the suggestion by the gentleman from Oklahoma [Mr. MONRONEY] that we come back to the original bill which did receive the consideration of the Committee on Banking and Currency and which conveys some powers that are desperately needed.

It was suggested a while ago by the gentleman from Indiana that the emergency needs were not shown. A reading of the committee hearings will show, however, that Mr. Symington, Secretary Sawyer, and others stated that these powers are required, and they are required at once. I see no value in our speculating very much over failure to use the word "emergency." There are technical implications and certain legal meanings are involved. Just one consideration, for example: Never before in human history has a nation proceeded as we are now proceeding in defense of an area, a spot of earth, under the mandate of an international organization, the United Nations; and there, again, are certain legal implications. We have at our command now the help, though it is small, of other nations; and 48 other nations have officially aligned themselves with us in resisting the aggression of the North Koreans. For us to say we are involved in a war rather than a police action at this stage might carry some grave misunderstandings internationally. Mr. Symington said as much in his statement.

I do agree, however, and I believe the mood of the House is just that, with the point of the speech of the gentleman from North Carolina [Mr. BARDEN] to the effect that this is a grave hour, and that we must make our decisions with that in mind is correct. We believe that an emergency in the usual sense in which the word is used is upon us.

Mr. Symington further said that while he regards it technically as a police action it is one phase of a war. He also expressed this thought, and while it is repetition of things that have been said before I say it for emphasis, that the best hope for peace is for us to take vigorous action and to grant powers that would ordinarily be of an emergency character. The best hope of preventing a global war is to prepare ourselves and to have a larger mobilization of forces. Executive powers so sweeping must be carefully defined. They must be adequate but, Mr. Chairman, we must proceed in the spirit of the bipartisan policy that has characterized defense measures. I am sure that progress has been made today in that very sphere of action. This legislation must represent the contribution of the minority as well as the majority.

Mr. McCONNELL. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Pennsylvania.

Mr. McCONNELL. I appreciate the courtesy of the gentleman in yielding to me at this time. He raised one point I would like to pursue just a little further here. He stated that the gentleman from Kentucky [Mr. SPENCE], or whoever is the author of this bill, had no intention of repealing the Taft-Hartley law. Let us assume that is correct.

Mr. HAYS of Arkansas. That is my impression. He will speak for himself.

Mr. McCONNELL. Let us assume that is correct. What is the purpose of title V? I have talked to Members on both sides of the aisle, men who disagree with me as far as the philosophy of government is concerned, also as far as my labor views are concerned, men of decidedly different viewpoints, and I discover in talking with them that there is general dissatisfaction with title V. That being the case, what was the purpose of title V? With whom did the gentleman from Kentucky [Mr. SPENCE] consult before it was written, or, perhaps putting it another way, who wrote title V and what was the purpose in writing it?

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. HAYS of Arkansas. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HAYS of Arkansas. I am sorry I cannot answer that question. It was only in response to the question asked by the gentleman from North Carolina [Mr. BARDEN] regarding the committee bill that I rose to point out that the committee has not had an opportunity to act upon Mr. SPENCE's bill. In the interest of precise legislation I wanted to point out that the title V he discussed appears in the Spence substitute and not the committee bill. Many of us prefer the committe bill, feeling still the urgency for action on the price and wage front, feeling that the two must be geared together to some extent. I have no great difference of opinion with the gentleman from Pennsylvania [Mr. KUNKEL] on major policy. I share his feeling of urgency on that score.

Mr. McCONNELL. Of course, this provision is not in the Kunkel bill, referring to title V. It is the new Spence bill.

Mr. HAYS of Arkansas. Yes. May I say at this point that I have asked our staff to prepare an outline that can be set out in parallel columns—it will be in the RECORD in the morning if the House grants that permission—showing what each of these measures, including the Deane substitute, provides with reference to each of these major subjects. I think that should be helpful in the consideration of this bill tomorrow.

Mr. McCONNELL. The gentleman realizes that under title V the President would be empowered to go to great lengths in dealing with labor and management. Has that general thought or idea been considered when these provisions were written?

Mr. HAYS of Arkansas. No, that was not considered. The gentleman is correct if he assumes there was no consideration given by the committee of that matter. That is correct.

Mr. ENGLE of California. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from California.

Mr. ENGLE of California. I want to say to the gentleman from Arkansas that in making objection to subdivision (b) of section 303, relating to the acquisition of critical and strategic minerals and metals, I did not object to the Government's acquisition of foreign minerals and metals. I think we should get all we can from that source. What I was saying is, I believe that the provisions of that subsection are more limited than the existing law for the same purpose.

Mr. HAYS of Arkansas. I thank the gentleman for that clarification.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Illinois.

Mr. YATES. I would like to ask a question of the gentleman, calling his attention to sections 402 (a) and (b). I wonder whether the gentleman can tell us whether it is intended by section 402 that the fees for any of the professions are covered under this section.

Mr. HAYS of Arkansas. Is the gentleman speaking now about the Spence substitute?

Mr. YATES. Yes. The section provides that the President may issue regulations or orders—

(1) Establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery or, the purchase or receipt, by or to any person of any material or service.

And then it goes on in subparagraph (2) "establishing a ceiling or ceilings on any salary, wage, or other compensation paid to or received by any person, for any type of employment."

Does that apply to the professions as well?

Mr. HAYS of Arkansas. I had not intended to discuss the Spence substitute, and I do not want to undertake to speak for the gentleman. If the gentleman from New York [Mr. MULTER] wants to speak on that point, I will yield to him.

Mr. MULTER. I think under the general definition of "services" that medical services are included. There are provisions, however, for exemption, and if the President sees fit to exempt them, they will be exempted.

Mr. YATES. The gentleman means, then, that it is within the discretion of the President to exempt certain classes of persons from the provisions of this bill?

Mr. MULTER. Yes.

Mr. YATES. But until the President acts, all types of professions are covered or intended to be covered under the bill; is that right?

Mr. MULTER. That is right.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Under the old OPA bill, in section 302 (C), there was an exemption of newsprint and newspapers from the coverage of the bill.

Mr. MULTER. That is in here too.

Mr. HAYS of Arkansas. I am advised that that is included in the bill.

Mr. FULTON. Is that included in the Spence substitute, so that you do not have coverage either, first, of newsprint supply, or, second, licensing of newspapers, so that we have freedom of the press?

Mr. MULTER. That is in there, and they are exempted, including radio broadcasts.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. Not newsprint as such. Newsprint was covered in OPA, but the operation of newspapers was exempt. Under the old OPA Act the price per ton of newsprint, which was a roll of newspaper, was covered by price control, but the cost of a newspaper for sale or advertising or things like that was exempt under the freedom of the press theory of the Constitution.

Mr. HAYS of Arkansas. Does not the gentleman from Oklahoma agree that this is a good illustration of the need of committee consideration of the detailed application of policy to particular industries?

Mr. MONRONEY. This is one of the things that I believe. We are not too far apart between the Kunkel amendment and the Spence substitute, to where a week of hearings and adequate testimony would probably give us a bipartisan bill. If anything is needed in this critical time it is going to be a bipartisan approach to the handling of our economics. We cannot possibly do this job if we are going to have a fight between one side of the aisle and the other side of the aisle, because both Democrats and Republicans are doing business and will be affected by this law, and we need the best law that Congress can possibly write.

Mr. FULTON. I agree with the gentleman thoroughly.

Mr. HAYS of Arkansas. The table I referred to in debate is as follows:

Comparison of H. R. 9176 and the substitutes offered by Mr. Spence and Mr. Kunkel

	H. R. 9176	Spence amendment	Kunkel amendment
1. Priorities and allocations	Contains proviso against consumer rationing.	Permits consumer rationing	Permits consumer rationing.
2. Power to requisition	Power runs to equipment, supplies, and facilities.	Same as H. R. 9176	Power runs to any article or commodity; uses national security clause found in Selective Service Act.
3. Expansion of productive capacity and supply.	Provides loan guaranties, loans for plan expansion, and right to purchase raw materials.	Same as H. R. 9176	Same as H. R. 9176 plus limited authority given RFC under sec. 5 (d) in last war.
4. Price and wage stabilization	None	Provides for standby general or select controls. Base period month preceding June 25. Contains new title V dealing with settlement of labor disputes affecting national defense.	Provides for general freeze. President authorized to create Office of Inflation Control. Price controls cannot be invoked without wage controls. Freeze date 2 weeks prior June 25.
5. Control of credit and commodity speculation.	Provides for control of consumer credit, real estate credit with prohibition against discrimination against conventional lenders. Also provides for control of speculation on commodity exchanges (sec. 411).	Same as H. R. 9176. NOTE.—Printing error, 7 lines omitted from 601.	Consumer installment credit only.
6. General provisions	Contains general provisions relating to the authority granted and provides for termination June 30, 1952.	Contains 2 provisions made necessary because of the addition of wage and price controls.	Comparable to H. R. 9176. Termination date is Mar. 31, 1951.

Deane bill differs from Spence amendment in following aspects:

First. Commodity speculation is eliminated (sec. 411).

Second. Wages are tied to individual commodity. For example, if President set price for steel he would have to establish a wage freeze on those engaged in making steel.

Third. Termination date is June 30, 1951, in regard to price and wage controls.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. JACOBS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to see if I can cast some light upon the question raised in reference to title V. The question was posed here as to whether or not title V would interfere with the application of the Taft-Hartley law. It seems to me those who addressed themselves to this subject more or less skated all around it but did not come to grips with the real question.

Of course it does. This whole bill interferes with what we understand as our normal legal rights as citizens. Certainly it interferes to some extent with the right of a man to sell property at the price he names upon his property. It interferes with the rights of labor, as during the last war we had our War Labor Board, and at least we had public opinion as a sanction for the prevention of strikes. The whole purpose of the bill is to substitute the authority of Government in order to keep production going where people are not able to agree upon the terms by which they do business.

Title V refers back to title IV, and title IV refers to services along with the prices of commodities. It does give the Executive the authority to fix prices and fix terms by which people do business, either in rendering service or otherwise.

The gentleman from Mississippi [Mr. COLMER] in discussing this matter under the rule the other day said it was a question that was coming before us, and further, it would cause us to search our souls as to how far we feel we can or must go.

Others on the floor have stated that if we fix prices on commodities we will have to fix wages because you cannot let one go without controls and control the other. That is the real question we have before us. I am inclined to favor controls across the board, and a roll-back of prices and wages to pre-Korea, as the gentleman from Michigan [Mr. POTTER] said here this afternoon, and as the gentleman from California [Mr. MCKINNON] said yesterday. But I think we ought not to kid ourselves. It seems sometimes we shy away from the torturing truth which faces us. Of course title V is not in keeping with our labor laws which we have enacted for peacetime, because our labor laws all have as their purpose, whether they have that effect, to encourage collective bargaining and agreement. Whereas this bill proposes to substitute the authority of the Government for voluntary agreement in the interest of continued production. It is the antithesis of our way of life.

Many of us feel that we have had it forced upon us by the menace of communistic aggression. But I only arose to say to you that that is a cold, unvarnished fact. Let us not dodge it. Let us face it. Only when we face that fact can we come to a decision. That was my purpose in rising here. Of course title V is the antithesis of the purpose of our peacetime labor legislaton. I am not going to tell you how it should be drafted. Perhaps it should be considered more in committee. I believe all bills should be well considered. But I just arose here to inform the House that in my judgment as a member of the Committee on Education and Labor, the answer would be "yes"; it does affect the terms of the Taft-Hartley Act, and also to say that I hope we, as representatives of the people, will face the facts and face the exact issue and not dodge it. Then maybe we can come nearer to arriving at a correct conclusion.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. JACOBS. I yield.

Mr. KEATING. It seems to me that the gentleman's analysis of Title V is correct. It is intended to meet a situation other than a normal situation. But in doing so it seems to me the language

giving to the President authority to take any action which he may deem appropriate is entirely too broad, and unnecessary to meet even an emergency situation and is the type of carte blanc authority which this Congress should never give to the Executive, and for which we would be justly criticized if we did give it to them.

I wonder if the gentleman does not agree that the language of this bill is entirely too broad and that it also should have the scrutiny and consideration of the gentleman's own committee before we are confronted with such provisions as are incorporated in title V.

Mr. JACOBS. I know I would like to have further study upon it before I would say whether I am for it or not. I will point out that in section 405 this language is found:

> Nothing in this title shall be construed to require any person to sell any material or service, or to perform services.

I assume that language was calculated to say, in effect, as the provision in the emergency section of the Taft-Hartley law says, that no individual shall be required to perform any service.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. JACOBS. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. JACOBS. Mr. Chairman, in answer further to the question of the gentleman from New York, the point I am thinking about here is that the language of title IV is not so drafted that it applies to a collective situation as where a union calls a strike, but would apply to individuals. I believe I am correct in that interpretation of the language of title IV, so that the meaning of section 405 might well result in requiring individuals to perform particular service for other persons if you put a sensible interpretation upon the whole of title IV. I do not know just exactly what effect it would have. I am somewhat confused about it, except as to the general purpose, which I believe I have stated correctly. I believe some Members have shyed a little from meeting face to face the real issue, but I think it should be studied a little further. Maybe it will be necessary.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. JACOBS. I yield.

Mr. MULTER. May I compliment the gentleman for his manner of approach to this very serious problem. Although I had nothing to do with the drafting of title 5, I made a hasty comparison of title 5 with section 1507 of the War Labor Board Act. Obviously, this is an attempt to settle any such labor disputes that may come into being, all within the framework of existing law, including the Taft-Hartley law.

Mr. JACOBS. May I ask you if title 5 is exactly the same language as that under which the War Labor Board was set up during the last war?

Mr. MULTER. It is not the exact language, but I would say the principle is attempted to be enunciated similarly.

Mr. JACOBS. You would say substantially the same?

Mr. MULTER. Substantially, yes.

Mr. JACOBS. Of course, I thought it probably was. I just wanted to say that when we get down to the proposition of where we have to devote our total effort to the war, it means that men who are toolmakers, men who are engaged in manufacturing, who have investments, that we are calling upon them to make some sacrifices to match, in a small way, those of our boys who are tapped on the shoulder and put into uniform.

The CHAIRMAN. The time of the gentleman from Indiana has again expired.

Mr. JACOBS. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. JACOBS. There is not anyone in this House, and there is not any constituent back home who likes it, but it is a condition that is forced upon us. It is trite to say so, but as long as I favor taking a boy from his home and putting him in uniform, I am not going to be squeamish about saying to a fellow, "You must stay on this vital job," or say to a man who owns a factory or a facility, "You must devote it to the war effort," or in saying to a man who makes a large profit, "60 percent of this total effort is devoted to the war, so that we are going to take 60 percent of the national income to pay for this war as we go." I am not going to be squeamish about that. I do not like it but can someone show me how we can avoid it?

The CHAIRMAN. The time of the gentleman from Indiana has again expired.

Mr. FULTON. Mr. Chairman, I would like to proceed for just a minute.

In order to take up where we left off with the gentleman from New York [Mr. MULTER], may I ask a question? On page 26, at the bottom of the page, is that not the place where newspapers, periodicals, and other printed material, as well as radio facilities are eliminated from controls under the Spence bill?

Mr. MULTER. That is the language I had in mind when I answered your question, when I said they were permanently exempted from control under the Spence substitute.

Mr. FULTON. Under the Spence substitute it is not intended to control the sales price of daily or weekly newspapers, either at news stands or by mail, wholesale or retail, nor is the bill to control the price of advertising of any kind?

Mr. MULTER. Nor to motion pictures, periodicals, or books.

Mr. KUNKEL. And if the gentleman will yield, it is also in the Kunkel bill spelled out at greater length.

(Mr. BATTLE asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BATTLE. Mr. Chairman, as we debate the economic safeguards needed to back up our boys on the battlefield, I am sure we all have the same objective in mind—the objective of gearing our economy for the greatest production to help keep the fighting in Korea from spreading into world war III, and to help finish the job of winning the peace that was never completed after World War II.

Mr. Chairman, the main lesson in controls that we learned the hard way in World War II is the interdependence of one economic factor upon another. It is impossible to control one segment of our economy without throwing the whole system out of kilter. For example, a policy of priorities and allocations without price control is an open invitation to inflation and economic disaster. Likewise, the price of pork should not be controlled unless the price of corn which the hogs eat is also controlled, and so on.

The safest estimate of this international crisis is that we face a long, drawn-out fight for our existence. Russia is determined to dominate the world one way or another. Her tactics in Korea show the world that she is willing to do it by armed aggression if she cannot accomplish it by insidious infiltration. We face an all-out war if Russia goes much further, or we face the temptation of false security when we win temporary victories. They are equally dangerous and we must be prepared to meet either contingency.

As long as American blood is being shed, the least we should do is to make an all-out effort on the economic front to back up our boys on the fighting front. We should do everything possible to eliminate war profiteering and prevent inflation. Every segment of our society should share the burden of controls equally. Less essential works should be postponed, production increased, critical materials stock-piled or substitutes developed and machinery set up to adjust inequalities.

In order to keep our economy sound, a pay-as-we-go policy should be adopted immediately. We have a debt of nearly $264,000,000,000 already and we must not lose the peace by ruining our economy. This would mean a Communist victory too. The only chance we have of avoiding an economic disaster is to pay as we go. This will necessitate the raising of taxes to meet the demands. In addition to being the soundest policy, it would not be fair to ask our boys to fight a war and then return home to carry the brunt of the war debt.

This all-out program will take courage. There will be inconveniences. There will be pitfalls. But the courage we will need is small besides the amount of courage our boys making their brave stand in Korea must muster. And our inconveniences will be trifling compared to theirs. We should not fear all-out mobilization, for it will be a source of strength. The gravest threats to our freedom in this crisis are not Government regimentation and controls—but military defeat abroad and inflation at home. We must be prepared to suffer a little discomfort or a great defeat. When we see the issues clearly, the choice

is made for us. Mr. Chairman, I urge Congress to meet this emergency with courage and conviction—with an all-out effort on the military, economic, and diplomatic fronts to win the peace.

Mr. VORYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like the attention of the members of the committee who are bringing these various bills, amendments, and substitutes here. I have tried to examine them, and as far as I can find out there is one group that is not being controlled and that will not be controlled unless the criminal penalties of these bills are different from what I have been able to find so far.

In the Military Defense Assistance Act of 1949, which became law last fall, was a provision I wrote which I called the "anti-5 percent" or the "anti-deep-freeze" provision. It is as follows:

SEC. 412. Whoever offers or gives to anyone who is now or in the past 2 years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, or services under this act, and whoever, being or having been an employee or officer of the United States in the past 2 years, solicits, accepts, or offers to accept any such commission, payment, or gift, shall upon conviction thereof be subject to a fine of not to exceed $10,000 or imprisonment for not to exceed 3 years, or both.

I ask the members of the committee: Is there any such provision in the Spence bill or in any of the pending amendments?

Mr. MULTER. I do not think I caught the gentleman's entire question.

Mr. VORYS. What I want to know is this: We are talking about the people being ahead of the Congress. I will tell you one group of people who are ahead of the Congress, those who are swarming down here planning to make money out of this dreadful emergency through the purchase and sale of influence; that is a group that is ahead of the Congress, and I think we ought to catch up with them.

When I attempted to put this penalty provision into the military assistance law last fall the administration opposed it in the committee and in conference, I find general penalty provisions, in these present bills and amendments something like this: "Whoever violates any provision or regulation shall be fined and imprisoned" and so forth, I do not think that the Administration, based on the view they took of this section 412 I have just read, which is in the law now but solely applicable to mutual defense assistance are going to have any regulations that prohibit 5-percenters and deep-freeze deals, I do not think they are going to approve a drastic penalty which will prohibit the sale and the purchase of influence through commissions, payments of gifts by those now in Government or those who are selling the influence they accumulated while they were in Government.

Mr. JACOBS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. JACOBS. Would the gentleman also agree with an amendment such as I offered to one of the security bills which was adopted in this House some time ago, that the statute of limitations should not run as to any person holding an office or a position in government until he is out of the government?

Mr. VORYS. I would certainly agree to that; and I confess that I am somewhat amazed that these bills and amendments which purport to put controls on the general public do not, as far as I have been able to find out, provide any controls upon those who try to buy and sell influence. We are, therefore, likely to find out some time later that this sort of thing has been going on again in connection with this present effort. I ask the committee whether they have such a provision and whether they would be willing to consider such an amendment?

Mr. MULTER. I think that the bill as written, the Spence substitute, is broad enough to cover that situation. Just as in World War II when we had prohibitions in war contracts against sales, commissions, and other payments or the use of influence to get contracts, we had similar provisions there to prohibit that kind of practice, section 402 (a) subchapter I on page 12 is broad enough to permit the making of such orders, rules, and regulations.

Mr. VORYS. I may state to the gentleman that the statute which specifically prohibits the use of influence by prohibiting gifts, payments, compensation, and so forth, was opposed by the administration; and I do not think that such regulations will be issued.

Mr. MULTER. I think there is a much different situation now and I think we will treat with them the same as we did in World War II if it comes to making unconscionable profits or profits they are not entitled to, or trying to sell influence under this bill.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. VORYS. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS. I merely wanted to point out that the scandal we had last fall of the 5 percenters and deep freezes came about because there was no criminal law to prevent it.

Mr. MULTER. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I want to point out that at least twice today and I think perhaps once yesterday the statement was made that there is no immediate need for the enactment of the bill as reported by our committee. The point was attempted to be made that there is nothing in our economy today which requires an allocation of matériel or raw materials. During the examination of Mr. Symington before our committee, the gentleman from Michigan [Mr. WOLCOTT] asked Mr. Symington there very pertinent and important questions:

Mr. WOLCOTT. What power would you expect to use immediately?

Mr. SYMINGTON. One power we would have to use imediately, if we are going to back up the military people, is the right to allocate steel. Another power we would have to use immediately would be the right to allocate aluminum. There is not enough steel or aluminum to handle the new military orders coming up unless allocation is provided promptly.

* * * * *

Mr. WOLCOTT. You expect to use the powers in title I, "Priorities and allocations," in respect to steel, aluminum, and perhaps some others?

Mr. SYMINGTON. Definitely some others.

Mr. WOLCOTT. Immediately?

Mr. SYMINGTON. Yes; we would have to use them right away.

That should set at rest once and for all any argument against the need having been established for the immediate enactment of the bill as reported by our committee.

Mr. BLATNIK. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, my very good friend the distinguished and able gentleman from New York [Mr. MULTER] has just mentioned the question of steel, which the committee report—page 5—refers to as the backbone of our economy both in time of peace and certainly in time of war. The report refers to the national capacity for steel production—and the picture is quite a favorable one—but it does not mention—and I do hope it has not been ignored—the situation regarding the source of steel, which is iron ore. You cannot make steel out of any substitute; there is only one source and that is iron ore. You can produce synthetic rubber, you can produce synthetic gasoline, and other synthetic items of strategic value, but you cannot find a substitute or a synthetic article for iron ore.

The iron-ore situation in the United States is serious. This, briefly, is the picture. I have the honor to represent in Congress the most important iron-ore district in the world—the Mesabi Iron Range of northeast Minnesota, which has produced 75 percent of all this Nation's iron ore for the last 50 years. Unfortunately, the high-grade ore of Mesabi is not unlimited. According to a 1946 estimate of the United States Bureau of Mines, there was only 992,000,000 tons of Mesabi ore remaining. The easily accessible high-grade open-pit ore is rapidly being depleted at the present time at the rate of about 65,000,000 tons a year. At the present rate of consumption, the Mesabi iron ore will be exhausted by 1960, or if we accept the most optimistic reports it may last until 1965. With a 10- to 15-year reserve of iron ore remaining, I say that the Congress must consider the development of new sources of iron and steel.

Iron ore mining cannot be expanded overnight so far as capacity is concerned. In view of the importance of steel, in view of the fact that today the shortage of iron ore is so serious, I wish to remind the committee that we in Congress must make a decision regarding our policy as to the future source of iron ore. Shall we allow ourselves to become completely dependent upon Canadian and Venezuelan iron ores, as has been suggested and contemplated or shall we take steps to develop a source of iron

and steel within our own continental borders which will strengthen our national economy and give us a security in time of emergency?

Fortunately, we have an unlimited amount of a hard iron formation, known as taconite, which can supply our iron and steel needs for a thousand years if Federal assistance is given for its development. Under section 302 of the bill the President is given power to make loans for the development of technological processes in the production of essential materials. May I ask the members of the committee if it is in accord with the intent of that section that the President have the authority to give loans—long-term loans—let us say on a 30-year basis, to companies that today have processes which are commercially feasible to produce high-grade iron ore out of this taconite rock.

The big problem in taconite development is that the amounts of equity capital required are so enormous, comparatively speaking, that no single company today can get into the taconite field and finance the enormous investment required to create the necessary new plants. Taconite production is not mining like that involved in production of direct-shipping ores—it is a manufacturing process. Taconite must first be quarried, crushed, and ground up fine as flour, the silicate washed out and from the powder, iron ore concentrate is extracted. My question is, Will section 302 of the measure under consideration permit the granting of loans for taconite development? Will the gentlemen of the Banking Committee answer the question? Will this authorize the President to make the necessary long-term loans to companies to develop taconite?

Mr. SPENCE. Mr. Chairman, if the gentleman will yield, I think there is no doubt about that. I think in the discretion of the President that those loans could be made.

Mr. BLATNIK. I appreciate the favorable answer on this very important point, and I appreciate the opportunity given me to call it to the attention of the committee.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield to the gentleman from Michigan.

Mr. FORD. I know the gentleman's sincere and long-standing interest in trying to find a suitable supply of ore for our steel production, particularly his interest in the St. Lawrence waterway, which would provide us with an adequate supply of iron ore. It seems to me that perhaps it might be cheaper and quicker for us to embark upon that program in conjunction with or ahead of the program that he is suggesting here this afternoon. I would like to have his reaction on that.

Mr. BLATNIK. My answer is that both are essential. The taconite development is a slow process and will take years before you can produce substantial amounts, such as forty and fifty million tons a year. The construction of the St. Lawrence waterway and the development of taconite run hand in hand. They complement each other and together they would insure a future supply of iron ore and would prolong the high-grade ore reserves we now have remaining. Both of them are essential, and I am heartily in favor of embarking on both the St. Lawrence waterway and taconite development immediately.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield to the gentleman from New York.

Mr. KEATING. Do I understand then that a process which is going to take years and years to develop, as stated by the author of this substitute, to be envisioned and embodied within the provisions to which he referred, is intended to be covered in a proposition like this?

Mr. BLATNIK. I am not speaking of the process. The taconite manufacturing is already available. The process is here. What I am saying is just that the capacity to produce steel cannot be enlarged overnight. A taconite plant is a matter of gigantic proportions, requiring a heavy initial capital investment. I said it would take years to produce taconite concentrated in sufficient amounts by this process. I am talking about an annual volume of fifty or seventy-five million tons instead of five or ten million, which can be developed in the very near future.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. BENNETT of Florida. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I believe that we should have immediate, all-out mobilization, military and economic. I favor right now, price and wage controls and elimination of profits from war. If a bill can be adequately and carefully shaped up in this debate to achieve those objectives I will vote for it. But I doubt that it can be done in the present parliamentary situation. If it is not done the committee should immediately undertake the drafting and presentation of such legislation. Proper steps now may preclude a third world war and we should strengthen our economy and our armed forces now, not later. In undertaking the limited objectives which will probably be achieved in the present legislation, and the stronger objectives which I hope will come about with dispatch, I feel that a "watchdog committee" should be established from the Congress; and if I am recognized for the purpose I hope to offer the following amendment as a new section at the end of the bill:

A joint committee consisting of five Members of the House of Representatives to be appointed by the Speaker and five Members of the Senate to be appointed by the President of the Senate shall be set up to assist in the proper functioning of the powers delegated and regulations and orders issued under this act. This committee shall choose a chairman from among its members and may sit at such times and places as the committee shall decide. In order to assist in the effective and orderly prosecution of the defense and other programs set up under this act and to provide recourse in the Congress for citizens feeling aggrieved or who have suggestions to offer for the improvement of any programs set up under this act, this committee shall hear petitions from citizens whether representing industry, labor, agricultural or other groups or individuals.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. BENNETT of Florida. I yield to the gentleman from Pennsylvania.

Mr. FULTON. May I ask the committee, in cleaning up this question regarding newspapers, periodicals, and books, if they would look at page 24, section 214, of the Kunkel amendment. You will find there a specific statement excluding the rates, for example, of common carriers, public utilities, insurance, persons engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio broadcasting station, and also rates charged for any professional services. My point is this: Why does not the Committee adopt that section and put it into the Spence bill?

Mr. BUCHANAN. If the gentleman from Florida will yield, in answer to the question of the gentleman from Pennsylvania may I say that the language referred to there is the exact language that was in the old OPA bill. It is likewise part of the Kunkel substitute and part of the Deane substitute. It is not included in this legislation.

Mr. FULTON. Will the gentleman put it in the legislation?

Mr. BUCHANAN. Insofar as the term "commodity" is concerned it does not appear in the legislation, but I am working now on the draft of an amendment to offer to the chairman here to include the words "service or utility" in place of the term "commodity" and striking out section 1 in the proviso. That will adequately take care of the situation.

Mr. FULTON. The Spence amendment at page 26 in subsection (d) (1) in respect to newspapers, periodicals, and so forth specifically states that no license shall be required, but it does not go further and say that the bill shall not control the rates.

Mr. BUCHANAN. I would insert in section 703 a new section (c), in the bill known as the Spence substitute. That is on page 40.

Mr. FULTON. Will the gentleman be kind enough to submit that amendment to me in advance of offering as I am interested in it?

Mr. BUCHANAN. I am having it drafted at the present time and am going to offer it to the chairman.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. BENNETT of Florida. I yield to the gentleman from Kansas.

Mr. REES. As I understand it, the gentleman from Florida is in support of what is known as the Baruch plan?

Mr. BENNETT of Florida. As I understand that plan, I am very emphatically for it. I think we are making a very serious mistake in considering only halfway measures here today.

(Mr. BENNETT of Florida asked and was given permission to revise and extend his remarks.)

Mr. MONRONEY. Mr. Chairman, I move to strike out the last word.

(Mr. MONRONEY asked and was given permission to revise and extend his remarks.)

Mr. MONRONEY. Mr. Chairman, tomorrow we are going to vote on this most important bill. I think from the

debate today and probably from the debate tomorrow you are going to find a most troublesome, perplexing, and complicated parliamentary situation with amendments pending to both of the substitutes offered, with the supporters of those bills claiming that their bill, and theirs alone, will do this or that, that their bill is really the one that will do this over-all freeze and control wages and prices, and everything will be rosy if we pass their bill.

I have had a good many years experience in price-control legislation, and I only wish it could be that simple. I wish that when you finished writing the bill, whether it was in your own office or in committee or on the floor, you could say, "Well, we finished that, and prices will be held stable and there will be no inflation."

Unfortunately, as my good friend the gentleman from New York [Mr. GAMBLE] knows, this is a most complicated economy. An over-all freeze or anything else that you have is going to find very difficult going as you get down to the end of the price line. You can freeze the price of ice cream and fluid milk, but you might find that the freeze on ice cream will provide a better profit for the milk dealer than on the fluid milk, so the fluid milk goes into ice cream and does not go into the bottles of the babies of America.

You can go down the line and find that the steel you might freeze in price is finding its way into kiddie cars and missing the harvesters or the plows that are needed for America.

The one thing I have been trying to focus on today—I do not know whether we will have any luck or not—is that I believe the President's program does not go far enough. I compliment the gentleman from Pennsylvania and the gentleman from Kentucky on trying to seek the answer, but I just wonder if we can write the kind of a bill we need on the floor of the House. I wonder if we can do it in our offices.

I remember when a price-control bill, which was the counterpart of the bill offered by the gentleman from Pennsylvania [Mr. KUNKEL] was offered by my good friend, Congressman ALBERT GORE, of Tennessee. It was, I believe, a great bill in 1941. Gentlemen, the year is 1950 and our experience with price control has been seven long, tough, hard years of trial and error. I believe there are problems we have discovered that go beyond that bill which we had in 1941.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield.

Mr. KUNKEL. All I would like to say is that I agree thoroughly with the gentleman from Oklahoma in his observations as to the difficulties you encounter when you have price control. I would not offer a bill embodying price control and rationing and wage freezes at this time if I were not sure that within the next 2 or 3 months it would be absolutely essential for the country to adopt those procedures. If we are going to have to do it sooner or later, then we should freeze the economy as much as we can at a time when the prices, particularly in the channels of distribution, are determined by natural economic causes.

I feel with every week or month that we let go by it is made more impossible to do the job which we should do when we do have a natural economy. I felt that the Gore bill was too late. I might say to the gentleman from Oklahoma also, who I know supported that bill vigorously, that the basic part on price controls and rationing in my proposal is taken directly from the bill which the gentleman from Tennessee [Mr. GORE] introduced at that time, and which received a great deal of study, and a great deal of debate. So it is nothing new or hasty and it is nothing that has been drawn out of a hat.

Mr. MONRONEY. I agree with the gentleman completely. I respect and admire him for his courageous stand. I believe if the House itself today on both sides of the aisle in a nonpolitical way could say, "We have before us the Baruch plan for price control," and vote on it and be through with it, that we would pass it by a great majority.

But there is no Baruch price-control plan before us. It is an idea, and in trying to take that idea and put it into legislative language and put it into law so it does not blot out this industry or that industry or distort a situation or freeze anything at below the cost of production, perhaps in our farm economy, I believe the House would be glad to go along if it were as simple as passing an idea. If we could resolute in favor of vigorous controls and against profiteering and establish a war economy and get on with the job—that we would have support on both sides of the aisle.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. MONRONEY. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MONRONEY. Mr. Chairman, I agree with the gentleman that we dare not wait 2 or 3 or 4 months. But I wonder if we are doing the economy of our country, which is such a delicate, complicated economy, a favor by denying perhaps a week of hearings or maybe 10 days of hearings by the Committee on Banking and Currency.

I wonder if we would not be in better shape if we could come in as a united Committee on Banking and Currency. Other committees are dealing with the war effort and they come here united. You never see a fight between the two sides of the Committee on Military Affairs, and not very often do you see disagreement between the members of the Committee on Foreign Affairs. But this affects the progress of the war just as much as perhaps the draft and other military legislation.

Mr. KUNKEL. We spent 4 months studying the original price-control bill, and by the time we got through we were still in the same difficulties that we were when we started. I do not believe any committee of this House or the other body or any other legislative assembly at any time is going to be able to bring to the floor a bill which will operate perfectly. Any bill that you bring in has to embody a framework and on idea. Then it is up to the President to get an administrator who will try to carry forward that idea within that framework of the authorization which is passed by the Congress. I do not think a week's study of a subject as complex as price control would mean a thing. But I think the dislocation in prices which might occur during the week, and then another week perhaps on the floor, and then some more time that might elapse might prove disastrous and cause us to lose the advantage we have in doing these things when we have a natural determination of prices such as we have at the present time.

Mr. MONRONEY. I wonder perhaps if that does not illustrate what I have in mind. The gentleman from Pennsylvania in our colloquy yesterday admitted that his bill had absolutely no rent control in it; and that we go back to the ineffective rent-control bill of peacetime without any other controls. We face as much of a problem on the side of rent control as we do pricewise on other things.

When I asked him why rent control was not in there, he said it was too difficult to write in at this time. The chairman of the Labor Committee stood on this floor and criticized the substitute offered by Mr. Spence. I asked him about the labor provisions in your bill, and he had not studied those.

Here is a big segment of this picture that the chairman of the Labor Committee has not even observed. He criticized the Spence bill, but he has not read the other.

I have great respect for this House of Representatives, for its rules, for its procedure, for its study of these problems. I just hope that in our effort to give the President what every Member wants to give him; that is, enough power to meet this emergency and crush Communist aggression wherever it breaks out; in our eagerness and zeal to do that, I hope that we do not pass legislation that within 2 or 3 weeks we will find we are getting less production instead of more production, and that we are getting more luxuries and fewer necessities; that we are blotting out the low-cost production that the working man needs, for socks and shoes and overalls, and getting silk shirts. That is the thing I am talking about.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. MONRONEY] has expired.

Mr. MONRONEY. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LYLE. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield.

Mr. LYLE. I think the gentleman and I will agree that ill-considered legislation controlling the economic life of the Nation, without proper machinery, will result in considerably more confu-

sion than stability, and more harm than good; that it is beneath the dignity and power of this body to legislate off the cuff when we have a bill before us that the President of the United States says is sufficient at the moment to meet the emergency. We ought to pass that and then go into a series of hearings so that we may give intelligent thought to this great problem.

Mr. MONRONEY. I thank the gentleman. I know that prices are going higher. I know the mistakes we made in World War II when we let the thing get away from us and broke the line by 20 percent before we brought it back by the act of October 12.

I also wonder, after seeing the bill that the gentleman from Pennsylvania [Mr. KUNKEL], in a very patriotic effort, has offered, and has changed two or three times since the bill was introduced; that the distinguished chairman, after he came in with his substitute, has changed it two or three times; and there are dozens of amendments that will be offered tomorrow that may be accepted by the authors of the amendments or the committee of the House.

I just wonder if we realize that we are putting these rules that we are so casually considering, around the neck of American industry and affecting all of the far-flung business around this country—I wonder of the fact that we are going to have an elevation of our prices in the next week.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield.

Mr. GROSS. Does the gentleman mean to say the chairman's substitute was amended this afternoon?

Mr. MONRONEY. I mean to say it will probably have amendments written into it, just as your distinguished leader will accept some amendments to his bill, without committee consideration and without discussion around the table.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield.

Mr. KUNKEL. I would like to reiterate to the gentleman that I think all the mistakes he has pointed out will occur, and these problems will occur under any kind of legislation like this that is ever passed by the House. I think the real problem that every Member of the House should face up to in voting on this bill is this: Are you convinced in your mind that these controls are going to be needed in the reasonably near future? If they feel that they are going to be needed in the reasonably near future, then I urge you to vote in favor of a bill along the lines of my bill. If they feel they are not going to be needed, then I think that the gentleman's argument about time and millstones around the neck of the economy obtain in full force.

Mr. MONRONEY. In answer to that I may say that our whole experience of 5 years with price control, left one thing conclusive that no one can dispute: Roll-backs are almost impossible. When material gets in the pipeline from the manufacturer through the long chain of distribution to the retailer it makes it impossible to effectuate a fair roll-back. With all due regard to what the gentleman is trying to do with this period of June 1950 if this stand-by power is invoked, say as of October 15, it would be a complete impossibility to reflect at the retail price line in any given situation, the price prevailing between June 1 and June 30. It is most fantastic.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. MONRONEY. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MONRONEY. It is almost an impossibility. I think the gentleman will agree with me. The retailer has paid the prices of an advancing market in building his inventory. His inventory of June 30 will have been sold in July and replaced at July prices; his July inventory will be replaced by the August wholesale merchandise, and in October his inventory will reflect September prices. That is the great difficulty of the roll-back provision.

The supply is in the hands of the retailer and you are never going to roll those prices back no matter what law you pass. We are going to have to catch and freeze prices where we find them.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield further?

Mr. MONRONEY. I yield.

Mr. KUNKEL. If the gentleman will remember, the first draft of my bill contains substantially the present date as the time of the price freeze.

Mr. MONRONEY. It was a mandatory freeze, as I understand it.

Mr. KUNKEL. Yes; but after talking with Mr. Baruch and other people in whose economic judgment I had a good deal of confidence, naturally when I put the present in I was thinking along the same lines that the gentleman from Oklahoma has just been outlining. They tell me that the main rises which have occurred have been mark-ups in inventory already on hand.

Mr. MONRONEY. My dear sir, I have sat at the buying desk of a very small establishment with my fellow businessman. There is not a day that goes by that they do not get dozens and dozens of price increases at the wholesale level. I think it has been greater at the wholesale level in many lines than at the retail level.

Mr. KUNKEL. But mark-ups that occur on inventories at the wholesale level reach the retail level.

Mr. MONRONEY. Or at the manufacturing level.

Mr. KUNKEL. So that there will not be the substantial squeeze they fear that would occur later if there were to be a roll-back. I agree with the gentleman that if the President lets this go until the 15th of October we probably would have an imposisble situation; but at the same time do not forget that one of the things I am trying to do in this bill is to avoid selective controls which I think are terrible.

Mr. MONRONEY. With that I am in agreement.

Mr. KUNKEL. And I cannot see how you can avoid going into a selective control bill at some later date unless this step is taken immediately and unless the President carries it through, unless it is put into effect within 2 or 3 weeks after the powers are given to him.

Mr. MONRONEY. In conclusion let me make this plea: If the committee gets mixed up tomorrow after the blood runs hot and our blood pressure is up, and we cannot find where this amendment fits into either bill, and we find ourselves in a state of confusion, may I plead with this House to pass the bill that the committee has reported by a vote of 20 to 1; and if we get into that state where neither side nor anyone likes the committee bill, as it has been modified, or changed and amended—and I believe my distinguished Republican friends will agree with me on that—if we find ourselves in that state then let us pass the committee bill and give the President some power to meet this situation, a bill that has been carefully considered, carefully worked out and agreed to by 20 of the 21 members of the Committee on Banking and Currency. We must have some legislation, even if we do not think it goes far enough to suit the need. The bill that the committee has reported should be passed if we canont find an agreement on the other suggestions.

Mr. FULTON. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I rise at this time to ask particularly about title V, settlement of labor disputes, in the Spence bill. My questions are directed to the statutory draftsmanship in the main. For example, if you will refer to line 15 on page 30 it will be seen that the language states:

> The President is authorized to establish such principles and procedures and to take such action as he deems appropriate for the settlement of labor disputes.

May I ask the chairman of the Committee on Banking and Currency whether that is not the greatest power ever given to one man in this country. This provision will cover all employment with one man setting the principles without limit, with that one man setting the procedures without limit, and that one man authorizing such action to be taken in employment matters as the one man deems appropriate. How can that question be met? I do not see why that is not giving into somebody's hands complete control of management, labor, and production in this country without restraint.

Mr. SPENCE. The act of 1942 gave the President the same powers. I think the other provisions in there in regard to the present acts and existing laws are reasonable. While the President may fix wages of labor there will be other questions involved. There will be the question of collective bargaining about some things; there will be conciliation and other matters of importance. It does not take away the labor acts already on the books. The settlement of wages could be in the hands of the President. You have got to give the laboring people, however, a chance to present their claims in the future as they have in the past where it does not interfere with this law.

Mr. FULTON. It means that by reenacting this law, with the provision in it on pages 30 and 31, "Any such action shall be consistent with the provisions of the Fair Labor Standards Act of 1938, as amended, and other Federal labor standards statutes and with other applicable laws," that anybody who votes for this bill is voting for reenactment in its present terms of the Taft-Hartley law, which I do not like in its present form.

Mr. SPENCE. They are not voting for the reenactment of any law. It merely refers to the laws on the statute books and which are applicable. This does not repeal any act, it does not reenact any law. It seems to me that is obvious. We do not reenact any other law, we do not repeal any other law. It says that where the law itself does not enter the scope of this act, it shall still remain in effect and shall be operative as it is now.

Mr. FULTON. I think the chairman's statement simply high lights the fact that you are freezing at the present time all labor practices, all collective bargaining practices, and all practices whatever that exist in either labor or management. In lines 21 to 23, on page 30, the Spence bill requires the President to give due regard to the terms and conditions of employment established by prevailing collective-bargaining practices.

Therefore, if any labor organization wants to try to get further pensions, or a pension plan, or wants to get anything that is beneficial to the members of the union, such as better working conditions, those working conditions are frozen in the North, in the South, in the East, and in the West. The Spence bill unfortunately freezes social gains, as well as inflationary factors. Why does the Spence bill contain the power to freeze social progress which have no bearing whatever on inflation?

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. FULTON. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FULTON. This Spence bill on page 30, line 24, requires that the collective bargaining practices must be consistent with the stabilization policies established under this act. As a matter of draftsmanship you are therefore saying in one place in the bill that you freeze at the present prevailing bargaining practice; and just below you say that they must be consistent with the stabilization policies established under this act.

Mr. SPENCE. There is no freeze of wages in the substitute I introduced.

Mr. FULTON. I am reading from the gentleman's substitute which says that due regard shall be given to terms established by prevailing collective-bargaining practices. From what the Chairman says, I think everyone in the country should be on notice that Mr. Denham will be in charge as he always has been. In addition, there will not be any possibility of anyone going back to the practice of hiring halls, and I am sure that many of the men on our merchant ships do not want that practice stabilized and put into permanent law in peacetime. In addition to that, in the Typographers Union, the conditions of work and practices that they have been complaining about, are by this act put into permanent law and continued for peacetime purposes indefinitely.

Mr. JACOBS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Indiana.

Mr. JACOBS. On page 15 of the Spence substitute, line 17, there is this language:

> No action shall be taken under authority of this title with respect to salaries, wages, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor-Management Relations Act, 1942, as amended.

Should that not be 1947?

Mr. SPENCE. 1947.

Mr. FULTON. That is a good point, because you have also brought out by your quotation that the bill freezes at the minimum. So, whatever the minimum standards are at the time of this particular bill, they are required to be frozen right at that point. As this bill is written, management and labor cannot go into social benefits that might be negotiated by collective bargaining otherwise than under this act.

Mr. SPENCE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SMITH of Virginia, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H. R. 9176, had come to no resolution thereon.

INTERNATIONAL LABOR ORGANIZATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 676)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Foreign Affairs and ordered to be printed:

To the Congress of the United States:

In accordance with the obligation of the Government of the United States of America as a member of the International Labor Organization, I transmit herewith, for the enactment of legislation or such other action as the Congress may consider appropriate, authentic texts of a convention—No. 89—concerning night work of women employed in industry—revised 1948—and a convention—No. 90—concerning night work of young persons employed in industry—revised 1948—both of which were adopted by the International Labor Conference at its thirty-first session, held at San Francisco June 17 to July 10, 1948.

I transmit also the report of the Secretary of State with regard to the conventions, together with a copy of a letter from the Secretary of Labor to the Secretary of State regarding those conventions. Attention is invited to the recommendation of the interested departments and agencies of the executive branch of the Government, as set forth in the above-mentioned letter, that no Federal legislative action, except with respect to the District of Columbia, be taken.

Under the constitution of the International Labor Organization there is also contemplated appropriate action by a member in respect of territories for which it has responsibility for the conduct of international relations. I am, accordingly, requesting the Secretary of the Interior to transmit the above-mentioned conventions to the governments of Alaska, Guam, Hawaii, Puerto Rico, and the Virgin Islands for the enactment of legislation or other action. In addition, I am requesting the Secretary of the Navy to take such action as may be appropriate with respect to American Samoa and the Territory of the Pacific Islands.

HARRY S. TRUMAN.

THE WHITE HOUSE, *August 2, 1950.*

SPECIAL ORDER GRANTED

Mr. LYNCH (at the request of Mr. MULTER) was given permission to address the House for 15 minutes on tomorrow, following the legislative program and any special orders heretofore entered.

PERMISSION TO ADDRESS THE HOUSE

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

THE PRESENT ECONOMIC CRISIS

Mr. MANSFIELD. Mr. Speaker, on Monday last I laid before the House what I thought should be done about the present economic crisis. I ask unanimous consent to insert in the RECORD at this point an editorial from the Missoulian, of Missoula, Mont., and sundry letters and telegrams.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

The matters referred to follow:

MISSOULA, *July 25, 1950.*

DEAR MR. MANSFIELD: To our great alarm the prices of meat, bread, sugar, and many other foods have been steadily rising in the city of Missoula. My husband is a veteran attending the University of Montana under the GI bill. We have two babies and have had to struggle these past 2 years to stay in school. We feel that there is no justification for prices to go sky high, or I should say even higher; they were sky high before.

We feel very strongly that controls should be put on prices of foods and on rent. We feel it is our right as voters in Montana to ask you to do what you can to see that controls are put on immediately. We will appreciate your efforts in this direction.

Sincerely,

MRS. ALAN C. VAN HORN.

HELENA, MONT., *July 27, 1950.*

Hon. MIKE MANSFIELD,
Member of Congress,
Washington, D. C.

DEAR MIKE: Isn't it just about time to tromp on someone along the line in an effort to put a stop to this steady rise in prices, especially on food? The prices of meat are prohibitive for the average white-collar worker, particularly the young couples with children.

There is a lot that I don't know about economics, but it does seem that we could stop pampering the farmers for a while with huge subsidies. Most of them have more money than they know what to do with, buying large convertibles for every child in the family and tossing the money around in general. I like to see everyone make a good fair living, but when these greedy, grasping people, worth close to a million, will raise bread 3 cents per loaf, doughnuts (that aren't even worth 40 cents per dozen) to 50 cents per dozen, it makes my blood boil.

It does seem a shame that we have to resort to price control, but evidently a warning from our President does not suffice for some of our so-called Americans. If price control is used, it should go back at least 4 months to be of any help.

We were pleased that you made your usual fine showing in the last election; it certainly shows how you rate with the people of Montana.

Our son-in-law, "Mack" Hughes, is working with Judge Pope in Missoula this summer, and daughter and children are here with us.

Kindest regards and give 'em both barrels on this price situation.

Sincerely,

CTTILIA K. ASHTON.

MISSOULA, MONT., *July 31, 1950.*

MIKE MANSFIELD,
House of Representatives,
Washington, D. C.:

Urge immediate action to adopt Baruch proposal wages-prices.

J. P. WIEBER.

DEER LODGE, MONT., *July 26, 1950.*

Mr. MIKE MANSFIELD,
Washington, D. C.:

Just a few lines to tell you of food rising prices.

I just got back from town after buying two loaves of bread (from the Safeway store). They raised the price 2 cents on a 20-cent loaf. The local store raised 1 cent per loaf.

I wonder if the Government is going to raise our pension in proportion?

That's why I said in my last letter to you to confiscate all profits to raise our pensions.

Yours truly,

LUKAS DACHS.

P. S.—Besides if you could close all loopholes you could pay all veterans a decent living pension and still have some left. I mean all loopholes of all tax dodgers.

MISSOULA, MONT., *July 25, 1950.*

Hon. MIKE MANSFIELD,
Representative from Montana,
Washington, D. C.

DEAR SIR: I wish to protest the rise in the price of the loaf of bread in Missoula the past 2 days from 19 cents to 22 cents. I feel that this is merely taking advantage of the national crisis and thereby wholly unwarranted. It is certainly too bad that we have to have such unscrupulous businessmen in our country.

I would appreciate your consideration of this matter and would be in favor of rationing of civilian materials if it is necessary.

Thank you for your time.

SHERMAN B. HUBLEY.

MISSOULA, MONT., *July 29, 1950.*

DEAR SIR: This is a protest against rising food prices. The Government claims there is no justification for the rise. I would like to see prices rolled back to pre-Korean war levels.

Sincerely yours,

Mrs. S. T. MELBY,
Housewife.

MISSOULA, MONT., *August 1, 1950.*

Hon. MIKE MANSFIELD,
House of Representatives,
Washington, D. C.

DEAR MIKE: Congratulations on primary victory. No doubt as to further success. Sentiment here for complete wage and price control.

JOHN M. O'CONNOR.

BOZEMAN, MONT., *July 31, 1950.*

Hon. MIKE MANSFIELD,
House of Representatives,
Washington, D. C.

DEAR MR. MANSFIELD: This letter is being written to you because of the growing concern in our family over rising food costs specifically and other costs in general. In my opinion there is only one time to hold prices and that is now. In fact, the base period will have to be set prior to the Korean war. We have noted the greatest marked increase in wheat products. Two weeks ago in Bozeman one could get a loaf of bread for 20 cents, now it is 22 cents. A package of hamburger buns 2 weeks ago was 15 cents, now 17 cents. Breakfast rolls have gone up 5 cents a half dozen. Meat and other staples have begun to climb. In none of these products do we have a shortage. To the contrary, we have a definite surplus of wheat products. The only conclusion one can come to is that voluntary controls will not work. Businesses are going to increase prices while they can. That is human nature. I am sure they are genuine patriotic Americans. However, they also look to the Congress to set the pattern of controls during an emergency. I know that something must be done and done quickly.

No one likes controls, but more important, no one likes to create a panic in this country. The economy cannot stand another round of wage and price increases. Wage earners are one of the major groups in this country and they will not stand by while their costs go up and income remains constant. Salary people (in which class I am) are in a much more serious position since there is no chance to bargain for increases. My wife purchased $23 worth of groceries last week which was brought home in a box under one arm. This condition cannot exist very long without serious consequences. Increased taxes on excess profits is not the answer. It is too far around. I would rather pay a 20-percent increase in my personal tax and know that our cost of living will remain constant than to be constantly wondering if my income will be able to meet another price increase.

A few general comments are also in order. Controls must be total this time, not piecemeal. Manpower mobilization is necessary. Skills should be placed where they will do the most good. Also, the individual should have some protection for returning to his former job when he comes back.

If we are successful in reconquering the southern half of Korea, we should push up the entire peninsula. Let's take the initiative this time. I believe world opinion is now fully behind us. We certainly are justified in truly liberating a people.

In closing, may I say that we do hope this price situation is brought under control immediately.

Very truly yours,

G. A. BRYANT.

BUTTE, MONT., *July 29, 1950.*

Hon. MIKE MANSFIELD,
House Office Building,
Washington, D. C.

DEAR MIKE: My wife and I, as well as our son, Wallace, were greatly pleased about your well-deserved victory at the primaries here on the 18th. No doubt the results will be as satisfactory to you at the general election; at least we shall do what we can to make them that way.

In addition to expressing our gratification in regard to your renomination, I am impelled to write in regard to the rapidly increasing price of everything sold on the market, not that I feel you require any such information, for we always find you on the right side of all these questions regarding the welfare of the people, but more, perhaps, to just "get something off my chest."

I am sure that any of our citizens that are thinking about our national affairs are greatly disturbed at the recent turn of events. I cannot help but feel that it will get no better until there has been an all-out world war with Russia. Such a thing, in my opinion, means utter ruination of this Nation as a democracy. It is the final showdown between communism and capitalism.

I can recall in the old days when we used to idly predict the coming of this era; it was when we were very active in the labor movement and always thought of our fine employers as the plutocratic class. I doubt, however, if there is one in a hundred of the railroad-labor class that even thinks that way since the communistic doctrine has evolved from the talking stage in world affairs. In other words, we still feel that our way of life under the so-called capitalist domination is the best on this earth.

Such a form of government as we have is, of course, anathematic to everything related to communism, and it seems they are now prepared to use force to eradicate everything that interferes with their despotic desires. And the worst part of my thinking is that eventually they will acquire some measure of success. Not in my time perhaps, but in the lifetime of my sons, likely. This infiltration of our every Government structure, including many of our labor organizations, is something to really worry about. In the event of war we will have great trouble from the few that are members here in our own country.

Now, as to the rapidly increasing prices, it seems to me that Mr. Baruch has a fine idea, provided we go back to a date before the outbreak of this Korean affair. You know and all of us know that a demand for wage increase must follow these other increases; this will cause endless trouble at a time when we require united action. Labor will be branded as traitors and communistic when they make such a demand, but the vendors of our necessities of life go merrily along at their pleasure of soaking the consumer. This is one of the many reasons why we sometimes become impatient with our Government.

Let's not allow them to run everything sky high, then make the "freeze." Every right-thinking American heartily supports the President in his move in Korea because we had endured as much as could be endured if we were to retain a place as a leading world nation. Let us not disrupt this unity by just talking about "control" and ultimately making thousands of millionaires again.

With best wishes, I beg to remain

Sincerely,

J. B. LOVE.

MISSOULA, MONT., *July 29, 1950.*

DEAR MIKE: I was not opposed in the primary, received a very fine courtesy vote, am continuing to work hard, and now believe that I have a very good chance for election this fall to the State senate. And McGinnis has no chance against you around here re-

House of Representatives

THURSDAY, AUGUST 3, 1950

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, our Father, who art worthy of more than our highest praise, our deepest love, and our purest devotion, may the hours of this day be radiant in the realization of Thy presence, Thy peace, and Thy power.

May it be the goal of all our aspirations and desires to be one with Thee in spirit and to serve our generation according to Thy holy will.

Grant that in our prayers we may remember more frequently and fervently those who are now on the fields of battle giving themselves so bravely and sacrificially for those treasures of life which we are privileged to enjoy.

May we have the courage to believe that out of the strife and struggles in which the peace-loving nations are engaged there will emerge that which is curative and creative in the building of a better world.

Wilt Thou hasten the coming of that day when all the members of the human family shall be united in the bonds of brotherhood and yield themselves to the kind and kingly sovereignty of the Prince of Peace.

To Thy name we shall give all the glory. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McDaniel, its enrolling clerk, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2863. An act to provide for the expansion and disposition of certain national cemeteries.

The message also announced that the Senate agrees to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the House to bills of the Senate of the following titles:

S. 2160. An act to amend the Public Health Service Act to authorize annual and sick leave with pay for commissioned officers of the Public Health Service, to authorize the payment of accumulated and accrued annual leave in excess of 60 days, and for other purposes; and

S. 2591. An act to amend the Public Health Service Act to support research and training in arthritis and rheumatism, multiple sclerosis, cerebral palsy, epilepsy and blindness, and other diseases, and for other purposes.

CALL OF THE HOUSE

Mr. MANSFIELD. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. MANSFIELD. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 221]

Abbitt	Granger	Powell
Allen, La.	Hare	Priest
Andresen, August H.	Hedrick	Quinn
Arends	Heller	Riehlman
Boykin	Hinshaw	Rivers
Breen	Irving	Roosevelt
Brehm	Jennings	Sabath
Bulwinkle	Johnson	Sadowski
Burdick	Karst	Sanborn
Burke	Kee	Scott, Hardie
Burton	Keefe	Sheppard
Carroll	Kelley, Pa.	Sims
Chelf	McMillen, Ill.	Smathers
Christopher	Macy	Smith, Kans.
Cooper	Miller, Nebr.	Smith, Ohio
Davies, N. Y.	Morrison	Stockman
Davis, Tenn.	Moulder	Sutton
Dingell	Murray, Tenn.	Thomas
Dolliver	Murray, Wis.	Thornberry
Dondero	Nixon	Whitaker
Eaton	Norton	White, Idaho
Evins	O'Brien, Mich.	Willis
Frazier	Perkins	Wilson, Tex.
Gillette	Pfeifer, Joseph L.	Winstead
Gore	Phillips, Tenn.	Woodhouse

The SPEAKER. On this roll call 346 Members have answered to their names; a quorum is present.

By unanimous consent, further proceedings under the call were dispensed with.

DEFENSE PRODUCTION ACT OF 1950

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H. R. 9176, with Mr. SMITH of Virginia in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday there was pending the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL], and a substitute offered by the gentleman from Kentucky [Mr. SPENCE].

Are there any further amendments at this time?

Mr. WOLCOTT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. Mr. Chairman, as the Chairman has stated, the parliamentary situation as I understand is that the gentleman from Pennsylvania [Mr. KUNKEL] has submitted an amendment to the committee bill; the gentleman from Kentucky [Mr. SPENCE] has submitted a substitute. The parliamentary inquiry is along this line: How many amendments may be pending to either the Kunkel amendment or the Spence substitute?

The CHAIRMAN. Only one amendment to either the Kunkel amendment or the Spence substitute may be pending at one time, and that amendment must be disposed of before another amendment may be offered. The number of amendments is limited in that way.

Mr. WOLCOTT. If an amendment be offered to the Spence substitute would an amendment to that amendment be in order?

The CHAIRMAN. It would not.

Mr. WOLCOTT. Is the same thing true of amendments to the Kunkel amendment?

The CHAIRMAN. Exactly.

Mr. CELLER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CELLER. If one wishes to offer an amendment to the Spence substitute must one wait until the Kunkel amendment is voted up or down?

The CHAIRMAN. No; the amendment can be offered at any time the Member is recognized by the Chair.

Mr. ROGERS of Florida. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ROGERS of Florida. Suppose an amendment be offered to the original committee bill that was reported; does that take precedence over an amendment to the substitute?

The CHAIRMAN. Only one section of the original bill has been read, and only that part is subject to amendment at this time.

Mr. WOLCOTT. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. Do we understand that an amendment is in order to any section of the Kunkel amendment or to any section of the substitute?

The CHAIRMAN. That is true.

Mr. JAVITS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JAVITS to the Spence substitute: Page 16, line 7, strike out "June 15, 1950," and insert "April 15, 1950."

Mr. JAVITS. Mr. Chairman, it is my intention if this amendment is approved to offer an exactly similar amendment to the Kunkel substitute which also defines as the base period for a ceiling price on agricultural commodities, which is what my amendment refers to, the period from June 10 to June 24, 1950.

My amendment seeks to change that provision of the Spence substitute which sets the June 15, 1950, price received by producers, as that on which a ceiling price for agricultural commodities is to be determined. There is a standard in the Spence substitute which my amendment does not disturb and which says that the ceiling price shall be "the parity price for such commodity," then it goes on and says "or the average price received by the producers on June 15, 1950, if that is higher." I am making that date April 15, 1950, by my amendment.

This is the reason for it: We discussed the question on yesterday and it appeared very clear that whereas in other items of industrial equipment and of consumer goods there may have been serious rises in prices beginning with the Korean episode on June 25, 1950, in the case of agricultural commodities a sensational rise had begun on April 1, 1950.

I would like to give the House some figures as follows:

Commodity and unit [1]	Effective parity price, June 15, 1950 [1]	Average price received by farmers		Percentage of parity price, June 15, 1950 [1]
		Apr. 15, 1950 [1]	June 15, 1950 [1]	
Soybeans, per bushel	2.55	2.48	2.80	110
Lemons, per box [2]	3.14	1.53	3.79	121
Beef cattle, per hundredweight	17.30	21.80	23.70	137
Veal calves, per hundredweight	19.40	24.60	25.90	134
Lambs, per hundredweight	19.10	23.80	24.80	130
Wool, per pound	51.3	50.4	56.2	110

[1] Source: Agriculture Prices, issued by Bureau of Agricultural Economics, U. S. Department of Agriculture, June 30, 1950.
[2] Equivalent on-tree returns for all methods of sale.

Yesterday when we discussed this question it was made very clear that all of us who represented the agricultural districts and all of us who represented city districts would try to be fair about this situation, we would not try to tax the respective people whom we represent unduly. It appears now that on June 15, 1950, which is the date set up in the Spence substitute, the market price was in certain agricultural commodities very considerably higher than the parity price. That was the case primarily in meat.

These figures extracted from those I have given above are very interesting. On beef cattle the market price was 137 percent of the parity price on June 15; on veal calves 134 percent; on lambs 130 percent and on wool 110 percent. In other words, in these principal items of meat the market price was one-third higher than the parity price.

What is the parity price? The parity price is the relationship between the cost of what the farmer buys and what the farmer gets for what he sells. Not only that but the parity price by the last Agricultural Adjustment Act was adjusted so that it is now far more modern. It is what is called modern parity and takes in the years from 1939 to 1949, hence it takes into consideration the much higher prices which obtained during World War II; so that if you give the farmer 100 percent of parity you will not be unfair to him, you would be compensating him fully for all his increased costs.

I point out that parity price is very different from the support price, which is what is maintained under the Agricultural Adjustment Act and which may range between 60 and 90 percent of the parity price. Under the Spence substitute there is parity price, not 60 to 90 percent, but the full parity price or the market price on June 15, 1950, whichever is higher.

In view of these sensational rises in a few commodities, but very key commodities because meat constitutes about 25 percent of the average moderate families' budget, I submit, in view of the sensational rise from April 1 to June 15, through the Korean episode, of these particular food prices, if there is to be a roll-back the fair date to choose for these commodities is April 15. The reason I do not use April 1 is because the Bureau of Agricultural Economics gets out a record of Agricultural Prices on the fifteenth of the month. I have it before me. April 15 is the date upon which they have found and definitely ascertained what the market prices are, and I have chosen that date.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Pennsylvania.

Mr. RICH. What percentage of increase would take place from the date the gentleman suggests to the date that is now in the bill?

Mr. JAVITS. It runs from about 20 to 25 percent.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Between April 15 and June 15 the increase was about two-thirds of the total increase over parity.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman has given us parity prices for meat products. Should not the gentleman also give us parity prices for corn, wheat, and all the rest of the products for the same date?

Mr. JAVITS. May I point out to my colleague that in those commodities I have not included in my figures, the parity prices were higher than the market prices, hence they are not germane to this discussion as the bill even after my amendment will still retain the parity-price standard as to those commodities. My amendment leaves in the bill the ceiling of parity prices, so where the parity price is higher than the market price, there is no complaint.

Mr. GROSS. Does not the gentleman think it fair to apply that to meat products?

Mr. JAVITS. In effect my amendment does that, because the market price was higher as to meat, than the parity price. I made that clear in my statement to the House.

Mr. CAVALCANTE. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Pennsylvania.

Mr. CAVALCANTE. Does the gentleman's amendment also roll back wages?

Mr. JAVITS. That is determined in another part of the bill at the period between May 24 and June 24, 1950. In view of the fact that there is no comparable situation in wages or in other prices during the period between April 15 and May 24, I have confined my amendment to the particular items which moderate-income people buy and in which there was a sensational rise in that period.

Mr. CAVALCANTE. Can the gentleman give us a specific answer as to whether or not his amendment does roll back wages?

Mr. JAVITS. I have just given the gentleman that language. My amendment deals only with agricultural products, for the reasons stated, because that is the case in which the shoe hurts.

Mr. FERNANDEZ. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from New Mexico.

Mr. FERNANDEZ. Under what theory does the gentleman believe he should pick out a certain commodity and go back and roll it back to April, except convenience? This is a war measure, and ought to treat everybody alike.

Mr. JAVITS. I have already made that clear and I would like to point out that my colleague the gentleman from Georgia [Mr. PACE] yesterday said that this provision ought to be reviewed. I hope the House will review it now.

Mr. SPENCE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment offered by the gentleman from New York would have the effect of depressing the prices of agricultural commodities. We have attempted to enact a bill that will provide for a stable economy, and that there be a just relationship between the price of commodities and the wages of labor. The gentleman from New York selects April 15 as the date to fix the comparable prices of agricultural commodities. That would have the effect of lowering the prices of those commodities and of dislocating their relationship to the other prices and the wages of labor. It seems to me it would be inadvisable to pass legislation of that kind. I do not have the statistics; I do not know just what effect it would have; no consideration has been given to it in committee,

and it is of far reaching import. And, I want to say another thing. I come from the city, but if we do not give the farmer a price that will persuade him to stay on the farm and produce, the prices of commodities that he produces will necessarily rise. It is essential the farmer shall obtain a fair price for his product. I hope the amendment will be defeated.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from New York.

Mr. JAVITS. The gentleman from Georgia [Mr. PACE] said yesterday when we discussed that very question about fairness to the farmer, which is very important, and I know that my colleague here is going to enlighten us on that score, and I welcome him, and I emphasize that: All we want to be is fair. We want to be very fair about this. The gentleman from Georgia [Mr. PACE] said, "I agree with the gentleman that there was a rise there"—I am quoting his words in respect to farm products—"but it was from the processor and wholesaler on down through the retailer to the consumer." He said the farmer has sold his crops, so the farmer is not interested now. We are dealing with speculators, and that is exactly what this amendment is designed to do.

Mr. SPENCE. I think it goes very much further than that. I think we do not know just what effect it would have, but I know that it will have the effect of reducing prices.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Kansas.

Mr. HOPE. I should like to comment on the statement made by the gentleman from New York to the effect that farmers had sold their crops and would not be affected by this roll-back. He says that his amendment would apply specifically to meat animals. Meat animals are sold every day in the year, so farmers have not disposed of their meat animals. They sold them on the 16th of April, they sold them on the 30th of April, they are selling them today, and they will sell them tomorrow. So what the gentleman just said has no point whatever.

Mr. SPENCE. I think it is obvious that we have not had sufficient consideration of the amendment. I hope it will be voted down.

Mr. SHORT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, if there has been one thing that has come out of the Korean situation it is justification for the bold and courageous stand taken by Admiral Louis E. Denfeld when he testified last year as to this country's lack of preparedness. It is now clear that he is the Billy Mitchell of this period because he sacrificed his career to warn America that it was in danger.

Had his advice been heeded, we would have had from the very outset of this Korean crisis an effective striking force of carrier-based planes and Marines to throw into Korea.

To correct the badly shattered confidence of our people, I believe that the Armed Services Committee of the House of Representatives should request General Eisenhower, Admiral Denfeld, General Spaatz, Admiral Halsey, and some others to give us the benefit of any suggestions they may care to make.

God save the Commonwealth of Massachusetts. No one could contribute more than Admiral Louis E. Denfeld. America needs men of his character, courage, and ability.

Mr. PACE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I hope I will be pardoned for saying, as we begin our deliberations on these amendments, that I hope everybody will make an effort to try to treat all groups as nearly as possible alike.

I regret that the legislative situation is such that I cannot offer the amendment which I gave notice yesterday I would offer on this question.

The gentleman seeks to go back to April 15 as the determining price, the market price on commodities, in fixing the ceiling prices when they should be above the parity price. I said yesterday that I intend to ask the House to strike the one date fixed in the Spense amendment on agricultural commodities, June 15, and write in exactly the same provision as is provided here for the wage earner.

It says here that the wage earner's ceiling shall not be less than the highest wage in the period from May 24 to June 24. That is all right with me. That includes the miners' increase after April 15. Many of these new automobile contracts were made after April 15. They will all be protected by the May 24 to June 24 provision.

I ask the gentleman from New York to reconsider his statement that there were no substantial increases in wages after April 15, because there were, and I think the farmers of the Nation, as I understand them and know them, do not intend to ask you to roll back those wage increases which were received up until the time of the Korean conflict. All the farmers of the Nation are asking is that you give them exactly equal treatment, that the highest price during the same 30-day period, from May 24 to June 24, be considered one of the minimums for their prices.

If the gentleman is concerned about the prices of meat, and I know he is concerned about that, then perhaps we may have to deal with that problem separately. I do not at the moment however see the need for that, but certainly when the gentleman offers an amendment which treats with the whole agricultural structure across the board predicated only upon the prices of one or two commodities, I doubt the soundness of such an approach.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield.

Mr. JAVITS. There are two reasons for my amendment. First, it is the fact that parity remains in the bill.

Mr. PACE. Yes, indeed.

Mr. JAVITS. Hence practically every commodity is protected except that those that have had these inordinate rises. Secondly, and very important, wages are not in the same position as farm prices. Wages do not have parity prices, and the Government has not spent $4,000,000,000 to protect them. However, I am not mad about that. And I am not arguing against it. At this point I only point out that it is right to treat the agricultural situation on its own because it does occupy a unique position in respect to the price situation.

Mr. PACE. I have great respect for the gentleman, but I regret I cannot agree with him. I see no more reason why we should roll back farm prices as long as they are reasonable than it would be to roll back wages. If we are going to start this morning with a general roll-back plan and are going to use the Korean conflict as the justification for this legislation, and this bill would not be here otherwise, then let us fix that date.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield.

Mr. BROWN of Georgia. The speaker has fully demonstrated the fallacy of undertaking to write a bill on the floor of the House of this nature, without any hearings whatever.

The House is trying to write a bill to control every commodity in the United States where the interrelationship of all commodities is so complicated and complex. If we have to have a control bill, let us have a meeting right away. The chairman has said that he will call a meeting next week for the purpose of having hearings on a control bill. Let us hold a committee meeting so that we can put all these bills together and so that the committee can hear witnesses on these problems.

The fallacy of going about this on the floor of the House is revealed when the gentleman from New York who knows nothing on earth about agriculture gets up and tries to write a bill here for agriculture. You could put all the acreage you ever heard of in New York City in a quarter-acre lot, and yet we have a situation here which permits the gentleman from New York to get up and try to write a bill here for agriculture in this country.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. PACE] has expired.

Mr. PACE. Mr. Chairman, I ask unanimous consent to proceed for an additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PACE. I simply want to add this in conclusion: As far as my part in this is concerned, I intend the best I know how to treat those who work in the plants and in the factories and those who work in the sun in the fields exactly alike. They are both entitled to our most sympathetic consideration. I beg you to not start this morning creating rank discrimination between the two groups. The wage earner gets his wages from the factory, and the farmer gets his wages from the commodities he produces and sells in the market place.

Mr. H. CARL ANDERSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, if the Congress of the United States wants to bankrupt a good many thousand cattle feeders, then just accept this amendment. Farmers throughout the Midwest who bought feeders and put them into their feed lots paid an extremely high price during the last few months, yes, up to 28 cents a pound for those cattle. The initial investment in some cases is as much as $250 for each head of cattle. Now it is proposed by the gentleman from New York that we take away from these men who are feeding cattle at least 20 percent of their initial investment through a roll-back to April 15. This will mean that hundreds of thousands of farmers will lose money they cannot afford to lose. Worst of all, it will destroy confidence in the future of the cattle- and hog-feeding business. Surely the Congress will not accept an amendment of this kind, which is confiscatory and entirely alien to what we stand for here in America. Some of these feeders have thousands invested in cattle, and a move of this sort would ruin many of them financially.

I know the gentleman from New York [Mr. JAVITS] wants to be fair, but I question his knowledge of this particular subject.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. In just a moment. If you want to put the entire beef and pork supply into the black market, just accept such an amendment as this. Certainly our memory is not so short that we cannot go back to 1942, when our Government said to the farmers, "You can get only 72 cents for your butterfat. You can get 55 cents from the creamery, and you are entitled to a subsidy of 17 cents, and that is all you can get, even though the market value of butterfat uncontrolled would have approached $1 a pound. What happened? Four neighbors of mine did away with their dairy herds as did thousands of other dairy farmers. Production in our Nation was at a minimum, and as soon as the OPA went off butter skyrocketed to over $1 a pound, temporarily. The only answer to the sufficiency of meat or butter for the people in the gentleman's district in New York is production. If you start to monkey with our entire economic structure, you will create havoc all through the Nation. Let us not discourage production of any food, because it is only through profit incentive will farmers endure the drudgery of feeding the rest of the Nation.

Keep this in mind also: If meat goes into the black-market channels, where will you get the insulin for the diabetics of the Nation? Where are you going to get all of these new drugs that we hear so much about today? The cattle that are slaughtered out in the woods for the black market do not produce the essentials of these miracle drugs which offer so much to those afflicted by certain ailments.

So I plead with the House to turn down this amendment most emphatically.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield.

Mr. JENSEN. I appreciate what the gentleman has said. The Members of this House know that the able, conscientious gentleman from Minnesota understands more about actual farming problems confronting our farmers, than any other Member in this House. He is a real dirt farmer himself and always keeps his feet on the ground, as we say out West. The gentleman knows that while the farmer is the greatest producer of raw materials, he is also our greatest consumer of goods. The farmer consumes one and one-half times more, per capita, than do the rest of the people of America, due to the fact that the farmer is by far the best customer of durable manufactured goods, such as farm machinery, lumber, fencing, and clothing.

Mr. H. CARL ANDERSEN. I appreciate very much the remarks of the gentleman from Iowa. Agriculture is the best customer of the manufacturers in the United States and provides a tremendous number of jobs throughout the Nation in the handling of what we raise for the consumer.

Mr. JENSEN. Is it not also a fact that between April 15 and June 15, because of the rise in farm products, a number of the people in Mr. Javit's district and all over America were able to go back to work because of the buying power of the American farmer. Government records prove that every dollar of farm income generates over $4 in wages for the American worker.

Mr. H. CARL ANDERSEN. The gentleman is absolutely correct. I cannot see the attitude of some of these gentlemen from the industrial east who will not recognize the fact that unless you give to agriculture a little profit, industry itself will never prosper, nor will the working people of the United States receive decent wages.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield.

Mr. JAVITS. The purchase price on June 15 was $17.30 per hundredweight for cattle. The price I want to set on April 15 was $4 more, or $21.80.

Mr. H. CARL ANDERSEN. Just a minute. I do not yield further. The gentleman talks about parity price. The gentleman does not realize that the farmer has taken a jolt that no other line of industry has taken since 1947. Today I am selling barley off my farm for which I may obtain $1.35. The same grade barley in 1947 returned me $2.50, or in other words it is 40 percent less today. The same thing applies to rye. I am lucky if I get $3.75 for flax, whereas I got $7 in 1947. Eggs are only about 60 percent of parity, but let us take a glance at what we must buy. Just today my farm foreman telephoned me about the purchase of a new wagon. I said, "How much is it?" He said, "$350, equipped with tires." I said, "If we must have it, we have to pay the price." But 3 years ago I could have bought that same wagon for $225. Farm machinery generally because of increases in freight cost and labor costs have all advanced materially since 1945.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. H. CARL ANDERSEN. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. H. CARL ANDERSEN. The raise has come about, may I say to the gentleman from New York [Mr. JAVITS], because the union people throughout the Nation have received certain boosts all along the line, in wages, yes, on the railroads and in the factories, and this has resulted in increasing the price of everything the farmer has to buy. I hope that the gentleman from New York will revise his line of thinking and will be willing to afford to farmers the same opportunities he strives so hard to secure for the working people of his district. They are all Americans and are entitled to equally fair treatment.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Kansas, who is as conversant with our farming problems as anyone in Government.

Mr. HOPE. Is not the proposal of the gentleman from New York in selecting a special date upon which to roll back farm prices eminently unfair unless he also selects the same date for rolling back the prices of the things the farmer buys?

Mr. H. CARL ANDERSEN. That would be the fair thing to do. All of us want to do the right thing by the various segments of this great country of ours. We on the farms must have an adequate income, otherwise we cannot provide the food for the people of New York and the industrial East. Everything farmers buy today costs far more than in 1939. We all know that.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I am glad to yield to the gentleman from Iowa who these 12 years in Congress has fought consistently for agriculture. No man in Congress has done more than has the gentleman from Iowa [Mr. JENSEN] in awakening the people to the great need for soil conservation in America.

Mr. JENSEN. Is it not a fact that approximately 80 percent of the initial cost of every manufactured article on an average is paid out for wages, so it is an idle gesture and of no use whatever to attempt to control prices without also controlling wages.

Mr. H. CARL ANDERSEN. Eighty-two percent is the correct figure, I believe. When I buy that wagon for $350, labor, somewhere along the line receives about $270 in manufacturing wheels, tires, lumber, steel box, and freight, coal, and what have you.

Mr. JAVITS. Mr. Chairman, will the gentleman yield for a question?

Mr. H. CARL ANDERSEN. I yield to my good friend from New York, whose only fault is his ardent desire for too cheap food for his constituents.

Mr. JAVITS. May I ask the gentleman whether he does not feel it is right

that we in the city should at long last begin to argue about these very things we are discussing here as to whether we are right or not?

Mr. H. CARL ANDERSEN. I cannot feel too sorry for your consumers, because it is a known fact that in the last few years they have been paying a smaller percentage of their income for food than they paid in former years prior to World War II.

Mr. JAVITS. The consumer certainly does not think so.

Mr. H. CARL ANDERSEN. Mr. Chairman, let us defeat this amendment, as it will result in a food scarcity created just as the butter scarcity was brought into being in 1942. To secure ample food at reasonable prices, we must have production and that production cannot be secured by discouraging the producer by an unfair roll-back. Let us be reasonable.

Mr. HOLIFIELD. Mr. Chairman, I rise in opposition to the pro forma amendment.

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Chairman, here we see the trouble we get into when we start trying to discuss the roll-back proposition as of a certain date, using one date for one thing and another date for another.

I regret that I have to oppose the amendment offered by the gentleman from New York. I feel that the amendment offered by the gentleman from Georgia is the only workable way that we can handle this thing. I am going to admit right now that it gives the farmer certain advantages; I think we have got to admit that, but here is the part that has me stopped: Even with the freeze of wages and agricultural prices as of a certain date, and other dates for other commodities, the less roll-back period there is involved the better chance you have of making this stabilization measure work.

Let me say further that even after we pass this, unless the stand-by provisions are immediately initiated you are going to have inequities continue to arise, you are going to continue to have maladjustments in its operation because of the inflationary pressure and because of the fact that people are going to think of that age-old law, self-preservation, to take care of No. 1; they are going to withhold from the market; they are going to indulge in panic buying, they are going to hoard inventories and all that sort of thing. So for the moment I say that the amendment to be offered by the gentleman from Georgia must be accepted notwithstanding the fact that it gives to the agricultural people a certain advantage. You have got to recognize that inequities are going to become part of the law regardless of what period you take, and the latest period you take is the best period, and the period for wages and agricultural prices must be identical; in other words, it must bear with the same weight on labor as it does on agricultural commodities. Let us put this bill into effect as fairly as possible by preserving the status quo as of the freeze period just as quickly as possible. Let us not go back any further than we have to go back, because as we go back we enlarge the likelihood of additional inequities.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. BUCHANAN. The gentleman is referring to the amendment to be offered by the gentleman from Georgia [Mr. PACE]; is that not correct?

Mr. HOLIFIELD. Yes; and it is my understanding that it will use exactly the same period for agricultural production as is used for wages; and I rise in support of that, although I do not have a single farmer in my district. I recognize the equity of the amendment from the standpoint of practical administration.

Mr. JACOBS. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Indiana.

Mr. JACOBS. I would like to bring to the attention of the Members something else we will be getting into here if we start using different dates for different industries. It was called to my attention this morning that earlier this year there have been a number of wage contracts go into effect that provided for pensions. There have been some price adjustments to take care of those pensions. I understand there have not been any to speak of in the last 30 days. But if we start rolling back on one thing and do not roll back on the other, what we are doing here is engaging in a logrolling operation.

Mr. HOLIFIELD. That is right.

Mr. JACOBS. We should take just one day and make it apply to everything. For that reason I am for the amendment that the gentleman from Georgia is going to offer. If we do not do it that way we are going to get into a logrolling contest here and we are going to get nowhere.

Mr. HOLIFIELD. I want to point out to the House that in the last 65 or 70 days scrap steel has gone up 44 percent, zinc has gone up 47 percent, and copper has gone up 22 percent. That is inequitable and is going to make our program cost at least 10 percent more than if it had been frozen as of that day. But it is a fait accompli, it is something we have to contend with.

I want to say something about the roll-back proposition. Any small merchant if he ends up his year's business with 5, 6, or 7 percent net after all costs of operation, he is doing the ordinary thing. Anyone who knows anything about business knows that is true. There are some who will make less and there are some who will make more, but the small man, if he ends up with 5 or 6 percent net profit on his gross sales, then he is conducting an average operation. If you start rolling back prices 10 or 15 percent you will kill small business in this country and it should not be done.

It may be necessary to roll back prices to the period provided for in the bill. If this freeze and roll-back comes soon we will be able to do a fairly successful job of stabilization.

If the price freeze and roll-back of prices are long delayed we will be faced with serious problems of hardship of those who are caught with high-priced inventories. Some consideration should be given to these hardship cases in this legislation.

(Mr. AUCHINCLOSS asked and was given permission to extend his remarks after the address of Mr. CASE of South Dakota.)

Mr. CASE of South Dakota. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, this amendment and this discussion illustrate as nothing else could the practical impossibility of selective price control. This discussion and debate makes clear why, if we are going to do this job, we need to take the date at which trial and error have accomplished as much as possible a balanced economy.

When we got into the price-control problem in World War II we were further along in the war. We had some adjustments that had taken place. The roll-back was a difficult thing. But here we have the opportunity now to have a freeze applied before we have gotten very far away from the date at which a freeze can be applied and where we can accept and judge the prices which everyday experience had established.

The point which the gentleman from California has made is to be kept in mind in this connection, and that is that we should take the most recent experience period that we can. If we start going back on one thing, someone can find a case which was not explained to him and could suggest that date.

In connection with the remarks of the gentleman from New York [Mr. JAVITS] about meat, he also mentioned wool as being something that was selling above parity. That illustrates that we did not have an effective price for wool at a certain period. Our sheep population went down to the lowest point it had since 1870. When a market competition came back wool prices advanced. Today wool is selling above parity. Why? Because of the national economics of the situation which tried to correct the shortage we had of wool and sheep in this country.

And today we are facing the tragic situation that Russia has bought practically all of the wool in the wool market. So I think the only sound, sensible thing we can do is to make the freeze as of the last normal date or period we had and accept that as the best that trial and error and experience can establish. If we try to go selectively on one item, whether by dates as in this case or by item, somebody else will think of something else, and the first thing we know the whole thing will be out of kilter. So I hope the amendment will be voted down.

Mr. AUCHINCLOSS. Mr. Chairman, almost 100 years ago a great President of the United States described the Civil War, on a great battlefield of that war, by saying it was a contest to determine whether a country "conceived in liberty" could long endure. Events subse-

quent to that occasion have proved that such a country can endure and it can prosper and expand with an ever-growing population of contented and happy people. In spite of depressions and ghastly wars, our country has maintained its liberties and has grown more and more in the respect of the world. But the United States of America cannot expect to endure and to enjoy peace and prosperity unless its citizens are determined to save and preserve those liberties and those freedoms, and that way of life which has brought contentment and happiness to them. We must be ready to fight with our life's blood for these things and we must be ready to make every sacrifice and adjustment in our daily lives in order to unify and secure that effort.

Our country is now faced with the gravest menace which has ever confronted it. The governments of nations all around us have been either overthrown or weakened by the encroachmert of the ideology of communism, which is loud in its promises of freedom, but which in practice places the heavy yoke of slavery on the necks of all the people it dominates. Communism has no conscience as we know conscience; its word cannot be relied on, and its object is to conquer and subjugate all peoples everywhere under its power. Secure in our own liberties and depending on our natural strength, it is evident that the leaders of our country have failed to recognize the true meaning and aims of this alien ideology and their eyes have been closed to the constant threat to overthrow our form of life which in insidious ways is boring from without and within to overthrow our Government. The hour is late and in view of that fact we must prepare for the future and not spend too much time in considering the past; but there are some things which we must remember if we are going to be successful in overthrowing this menace which encircles us, and if we are going to preserve and develop to an even greater degree the form of republican government which our people have enjoyed for so many years. We cannot compromise with communism. We cannot trust the word of their representatives and we must prepare to fight with the sword and bayonet and every weapon at our command, so that this wicked thing may be wiped out and peace may be once more restored to the world.

When the northern Koreans, propelled by the aid and incitement of the Communists, marched into Southern Korea, I, with millions of Americans, heartily approved of the action taken by the President of the United States, through the United Nations, to offer armed resistance for the protection of the newly founded Republic of Korea. No matter if we had been caught napping, no matter if we had been advised that this new republic could take care of itself, no matter if we had fallen down in extending the aid which had been voted to these people by the Congress, no matter if we had been entirely wrong during the past years in our attitude toward Nationalist China, here was an overt act, ill-concealed, to ignite the flames of war in the world, and if our Republic had failed to take the leadership with the other nations dedicated to peace, we would never have been able to erase the ignominy and contempt in our failure to live up to our sacred obligations. We had no choice and the President acted properly.

It has turned out, however, to be a shocking way for us to discover how unprepared we are to face the realities which have been going on in the world for these many years. The Congress has appropriated billions of dollars of taxpayers' money in the belief that our Armed Forces were being modernized and made adequate for our security and defense, and, lo and behold, we find that that is not the case. This revelation comes as a terrible shock, not only to the representatives of the people, not only to the people of this country themselves, but also to the people of the nations everywhere who were depending on the leadership of the United States of America and were confident that it would be forthcoming.

Let us hope it is not too late for us to make up for lost time and produce the trained men and the munitions of war which will enable us to conquer; but I say now, Mr. Chairman, that those who have proved themselves so incompetent during these past years in the handling of our foreign affairs and our national defenses should be relieved of their duties and their places taken by people of greater competence. It is only in that way that the confidence of people everywhere can be restored and that through our efforts victory may be more readily achieved. I believe that the Congress is ready to support and the people will approve any appropriations necessary for the defense of our land, but we must insist that the expenditure of the vast sums of money necessary are entrusted to those who have not already proved their incompetence.

While our boys are fighting bravely and suffering and dying on the battle line, with inadequate training and short on supplies and the munitions of war, the people at home in this country must be prepared to back up our gallant troops with every effort possible and every sacrifice which may be demanded. No one dislikes the disruption of our economy by Government meddling and the control of our daily life more than I do, but we are in a very serious emergency and if we are to save ourselves from utter destruction we are forced to change our way of life for a period of time. I favor giving the President of the United States authority to take whatever steps may be necessary to protect our economy in the support of the defense of our land, and I feel sure that the people of America will support such a program. Unfortunately, there are some among us who are selfish and greedy and absolutely thoughtless of others, who would wreck our economy by the useless buying of commodities and by hoarding them. These people make it necessary to institute governmental controls for the protection of the rest of us. I have the greatest contempt for people who do things like this, and I would like to see the merchants and the storekeepers who have to deal with such people make publice the names of those who carry on such practices. If this is done, I am sure there would be an end to such outrageous conduct.

This is no time for halfway measures; this is no time for compromising with the evil menace which confronts us. Government itself must do its share and make its contribution, and the first thing that should be done is the elimination of all Government expenditures which are not necessary for our defense effort. We must make Government efficient, and except where our defense is involved expenditures should be reduced to the very minimum possible. I venture to suggest that the President of the United States could set a good example, in the retrenchment of Government spending, by putting his yacht in moth balls and by cutting out all other possible privileges which he enjoys. By such an example other Government agencies would be inspired to cut down on unnecessary things and concentrate their efforts and their substance on winning a peace, which we all desire. The United States cannot fulfill its destiny nor can the United States long endure in the light of the present situation unless our economy is strong and unless, as a united people, we are determined to win the victory.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. JAVITS].

The amendment was rejected.

Mr. PACE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PACE to the Spence substitute: Page 16, line 7, strike out the words "the average price received by producers on June 15, 1950" and insert "the price received by producers during the period from May 24, 1950, to June 24."

Mr. PACE. Mr. Chairman, just a word. I anticipate and certainly hope that this amendment will be acceptable to the committee.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. PACE. I yield to the gentleman from Kentucky.

Mr. SPENCE. I will say that I have no objection to the amendment. I have conferred with the members of the committee, and they have no objection. I cannot accept it on behalf of the committee, but so far as I am concerned, I have no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. PACE].

The amendment was agreed to.

Mr. BUCHANAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN to the Spence substitute: Add a new section 409 to read as follows:

"Nothing in this title shall be construed to authorize the regulation of (1) rates charged by any common carrier or other public utility, or (2) rates charged by any person engaged in the business of selling or underwriting insurance, or (3) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio or televi-

sion broadcasting station, a motion-picture or other theater enterprise, or outdoor-advertising facilities, or (4) rates charged for any professional services, or (5) materials furnished for publication by any press association or feature service, or (6) books, magazines, motion pictures, periodicals and newspapers, other than as waste or scrap."

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Kentucky.

Mr. SPENCE. That is practically the same provision that was in the old Price Control Act.

Mr. BUCHANAN. Public Law 421 of the Seventy-seventh Congress, with the two parts I have added, "or (5) materials furnished for publication by any press association or feature service, or (6) books, magazines, motion pictures, periodicals, and newspapers, other than as waste or scrap."

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Pennsylvania, who helped collaborate and worked with me on this particular amendment in the discussion of yesterday.

I wish to compliment the gentleman for introducing this amendment and to join with my friend in sponsoring this provision.

Mr. FULTON. This amendment goes a little further than section 214 of the Kunkel bill, but is basically that provision, is it not?

Mr. BUCHANAN. That is true.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. The amendment, with the exception of the two additions which the gentleman mentioned, is exactly the same as the previous law during World War II and practically the same as the amendment which the gentleman from Ohio, myself, prepared and have at the desk at this time. I might say that this matter has been discussed with the leadership on both sides, and I understand there is no objection to it. It simply protects the sources of information of the American people so that under no stretch of circumstances can anyone interfere with the furnishing of information to the American people.

Mr. BUCHANAN. That is why I added television, which was not in Public Law 421 of the Seventy-seventh Congress.

Mr. BROWN of Ohio. That is correct. I join with the gentleman in support of the amendment.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Illinois.

Mr. YATES. With respect to that portion of the amendment which deals with public-utility rates, I recall that during the last war the question arose as to the regulation of rates of local utilities. The original Price Control Act did not permit the intervention of anybody from the Office of Price Administration. Does not the gentleman think that somebody from the Federal service should be given the power to intervene in local rate-regulation proceedings on behalf of the Federal Government, to point out, at least, what impact such increases would have upon the cost of living?

Mr. BUCHANAN. I agree with the gentleman from Illinois. He has raised a very good point there.

Mr. O'TOOLE. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from New York.

Mr. O'TOOLE. I have no objection to the amendment but I think it is much broader than originally intended. The way it is worded now it would include everything except the Pittsburgh ball club.

Mr. BUCHANAN. It includes the Pittsburgh ball club as well—but not the Brooklyn Dodgers—of course that is a pun.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Pennsylvania.

Mr. KUNKEL. I should like to know why you include motion pictures and the others.

Mr. BUCHANAN. They are sources of information, materials furnished for publication. This includes books, magazines, periodicals and motion pictures. They are a source of information.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I believe it should be pointed out that this exemption does not extend to newsprint. Newsprint will be under control, but the sources of information are not under control, if this amendment is adopted in the Spence bill.

Mr. BROWN of Ohio. The whole intent and purpose of this is simply to protect the right of the American people to obtain information without any control over it.

Mr. BUCHANAN. Services and materials, that is all.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was agreed to.

Mrs. BOLTON of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. BOLTON of Ohio to the Spence substitute: On page 3, line 4, insert a new section as follows:

"SEC. 3. (a) The purpose of this section is to impose temporary ceilings immediately on all prices and wages, so as to prevent runaway inflation in the period immediately following the enactment of this act, while measures are being perfected under the other provisions of this act to control inflation over a longer period.

"(b) The maximum price for which an article may be sold or which may be received for the performance of services, and the maximum wage which may be paid for labor, shall be the highest price received by the seller for the same or substantially the same article, or received by the person performing the services or the same or substantially the same services, or paid by the employer for the same or substantially the same labor, on May 24, 1950, and if no such article was sold or services or labor were performed on or before this date, then the maximum price shall be the sale price of the most nearly equivalent article, services or labor: *Provided*, That whenever the President shall issue any regulation or order establishing any ceiling authorized by title IV of this act, such regulation or order shall immediately become effective irrespective of this section.

"(c) The President shall prescribe such rules and regulations as he considers necessary to carry out the purpose of subsection (b). Whoever willfully violates this section or any such regulation shall be fined not more than $10,000 or imprisoned not more than 1 year, or both."

Mrs. BOLTON of Ohio. Mr. Chairman, I need not remind you how often, in the wake of Pearl Harbor, we regretted that an immediate freezing across all boards had not been applied. We have already seen quick increased prices in the situation in which we find ourselves today.

The purpose of my amendment is simply to get immediate action to stop the spiraling of all costs. It provides that on the day this act is passed everything stays as it was on May 24 last, until the President, under title IV of the act, shall place controls on or shall do what we give him the power to do. We are all getting frantic letters from our constituents protesting against the high prices of an increasing number of commodities. They are very worried and very troubled. All this amendment does is to stop the spiraling and the confusion in order to give the President adequate time to make such revisions as he sees fit.

Mr. Chairman, it is a very simple measure which I earnestly hope will have the affirmative action of this committee.

Mr. PATMAN. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON of Ohio. I yield.

Mr. PATMAN. I believe the gentlewoman's amendment provides that prices will be set as of the effective date of the act?

Mrs. BOLTON of Ohio. Yes.

Mr. PATMAN. Is the gentlewoman not apprehensive that that constitutes an invitation to people to raise their prices now?

Mrs. BOLTON of Ohio. That is just what they are doing.

Mr. PATMAN. That is what they are doing, the gentlewoman is correct.

Mrs. BOLTON of Ohio. I would be happy if the gentleman cares to amend my amendment to put a roll-back date on, but it seems to me that that is so complicated and that is why I did not do that.

Mr. PATMAN. We have just agreed on the date—May 24 to June 24 for both wages and commodities, but to set the date as the effective date of the act would obviously induce them to raise their prices.

Mrs. BOLTON of Ohio. I shall be very happy to accept that amendment.

Mr. PATMAN. That is in the bill now.

Mr. JENSEN. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON of Ohio. I yield.

Mr. JENSEN. I am in perfect agreement with the gentlewoman on her

amendment. Our neighbors to the north during the early days of World War II did exactly what the gentlewoman is trying to do in her amendment; and because of that, Canada came through the war in a very fine manner. They froze wages and they froze prices and everything at a given date. After the war they not only reduced their tax rate, as I understand, three times, but have also made a substantial payment on their national debt.

Mrs. BOLTON of Ohio. I thank the gentleman for his contribution.

Mr. JENSEN. Certainly there is an example which we can follow and follow with safety.

Mrs. BOLTON of Ohio. It is certainly a good precedent.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Ohio [Mrs. BOLTON].

The question was taken; and on a division (demanded by Mrs. BOLTON of Ohio) there were—ayes 42, noes 58.

So the amendment was rejected.

Mr. FLOOD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FLOOD to the Spence substitute: Page 13, line 4, after the period in line 3, strike out the language from line 4 to line 8, inclusive.

Page 15, line 14, after the period in line 13, strike out the language from line 14 to line 24, inclusive.

Mr. FLOOD. Mr. Chairman, there has been intelligent discussion of this entire measure today, with one exception. At no time have I heard the word "profit" injected into the debate. The purpose of my amendment is to remove from this control measure the control of wages until there is some action taken by this Congress on a reasonable and intelligent control, within the discretion of this House, of profits. It is entirely possible for this argument to continue without economic justice and I see no analogy, Mr. Chairman, in the debate between prices and wages and profits and wages. There is a school of thought, for which I speak now, which believes the analogy is between profits and wages and not prices and wages, even including the cost-of-living parallel.

May I point out to you, Mr. Chairman, that you can engage in black-marketing in prices, but there is no black-marketing insofar as wages is concerned, in the mind of labor or in the mind of management. A freeze of wages is always effective and has been, but a freeze of prices is never effective and never has been.

I am aware of the parliamentary situation with reference to the matters before the Ways and Means Committee. May I direct attention to the fact that only yesterday an amendment was offered by a distinguished member of the Committee on Ways and Means to include in a measure before that committee control of profits, and that was defeated by the Committee on Ways and Means within the last 24 hours.

I am aware of what is going on in the other body. I know a tax measure when I see one. However, there is not in the other body, and there is not here, any formula or present formulas which have to do with the program for control of profits, reasonable or unreasonable, 100 percent or 95 percent, as during the last war, or any semblance thereof. I respectfully submit, Mr. Chairman, that until such time as profits are debated and controlled to whatever degree this House determines, there should not be in this act, stand-by or mandatory, a control of wages. However, if this committee would see fit at this time to have a stand-by on wage control spelled out not to take effect until such time as control action was taken upon profits, I am sure this committee would thereby indicate its customary high degree of legislative action.

Mr. MASON. Mr. Chairman, will the gentleman yield for a correction only?

Mr. FLOOD. I yield.

Mr. MASON. There was no motion made in the Ways and Means Committee to include excess profits in the renegotiation bill that we were considering, and no motion of that kind was voted down. I just wanted to make that entirely clear.

Mr. FLOOD. Is it not true, however, as a matter of fact, that the question of excess profits tax was before the Ways and Means Committee in the negotiation of contracts, and negative action was taken with reference to some consideration of excess profits legislation?

Mr. MASON. No; the motion was that we should consider excess profits in connection with renegotiation, and the motion was tabled.

Mr. FLOOD. The answer to my question is, "Yes." Action was taken and tabled.

Mr. MASON. To make it a part of the renegotiation bill which it has not considered.

Mr. FLOOD. And the Ways and Means Committee acted in a way which was contrary to control of profits, p-e-r-i-o-d.

Mr. MASON. Oh, no. Oh, no.

Mr. FLOOD. Then they did not act at all.

Mr. MASON. Oh, no. The Ways and Means Committee can and undoubtedly will consider an excess profits bill in proper time.

Mr. FLOOD. If we live long enough. And until that action to control profits is taken then there should be no control of the workingman's profits—wages.

Mr. SPENCE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment offered by the gentleman from Pennsylvania proposes to strike out stand-by powers to control wages unless we also consider a bill that will curb profits.

The President in his message said that he wanted adequate legislation in regard to profits. But the condition the gentleman imposes upon this committee would make it impossible for us to consider matters that are within our jurisdiction. We have no jurisdiction over tax matters, and if we had incorporated anything of the kind in the bill it would have been subject to a point of order. If we do not consider these essential matters in the bill until this committee considers the tax matter, it means that we are stymied and that we cannot even consider the things that are within our jurisdiction.

There is no freeze on wages in this substitute. The President has the power to regulate them when he thinks it advisable. If we can expedite the passage of the tax bill, all well and good, but certainly I oppose the amendment offered by the gentleman from Pennsylvania and ask that it be voted down.

Mr. BAILEY. Mr. Chairman, I move to strike out the last word and take this time of the committee in order to support the amendment offered by the distinguished gentleman from Pennsylvania [Mr. FLOOD].

Various groups of organized labor are in accord with the necessity and the idea of wage controls at this time. They do not take second place to any other segment of our society when the critical situation that confronts us now is being considered. They will accept stand-by controls on wages, but they are asking the question, and I am asking the question at this time, Mr. Chairman, what this body proposes to do about controls on profits. I am interested, Mr. Chairman, in a clipping from one of the local papers which is the result of a survey by the Associated Press. It appeared in this morning's Washington Post. It states:

Corporation profits are running at a record rate, with the second quarter total 43 percent higher than a year ago.

This upward surge developed without the stimulus of war which did not boost prices, sales, and earnings until the start of the second half of the year.

A compilation made yesterday by the Associated Press of the earnings of 450 corporations in all fields of business showed these totals:

In 1950, second quarter, $1,625,040,257; 1949 second quarter, $1,132,763,017; increase 43 percent.

In 1950, first half, $2,865,306,259; 1949 first half, $2,319,616,453; increase: 24 percent.

The percentage of gain over a year ago reflects the quickie recession during the first half of 1949 which, of course, makes today's earnings look even bigger by comparison.

But the absolute dollar totals during the second quarter this year are running at an annual rate that would top any other full year.

The point I make is that it is perfectly all right to expect every segment of our society to accept controls in this critical period. All organized labor is asking is that it be treated as every other segment of our society is being treated. We are making this protest in the form of the amendment to let the country know that there is one segment of our society that is not being controlled, and that is profits, and we propose to insist on profits being controlled.

Mr. KENNEDY. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Massachusetts.

Mr. KENNEDY. Would it not be very easy for us in 5 or 6 months to write an excess-profits bill that could be made retroactive to the 1st of June? If we do not put a limit on wages at this time it would be very difficult in 6 months to roll back wages, would it not?

Mr. BAILEY. With all due respect to the august members of the Committee on Ways and Means, the war may be

over before we get action down there, if action is delayed as much on this matter as it has been up to now. It is perfectly all right if it is going to be done, but we want to know when it is going to be done.

Mr. O'NEILL. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from Pennsylvania.

Mr. O'NEILL. I want to voice my opinion in support of the amendment offered by the gentleman from Pennsylvania [Mr. FLOOD]. I hope all Members of the House will do likewise.

Mr. BAILEY. May I plead with the Members of this House that they give serious consideration to controlling every segment of our economy in this all-out effort to win world peace, and, certainly, to win the Korean war.

Mr. JACKSON of California. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, as the gentleman from Michigan [Mr. POTTER] so ably put the proposition yesterday, this is everyone's war. It is a war in which every segment of our population and every American citizen, is going to have to play its and his part. This is equally true whether the individual be a wage earner or an industrialist.

There is no question, in my opinion, as to the degree of sacrifice that is going to be required of every citizen if this situation worsens. Certainly we should have controls upon excess profits and upon excessive incomes. In the statement made the other day by 15 Members on the Republican side we set forth very clearly our thinking on this subject. In this connection we stated that the preparation for total mobilization requires that Congress immediately draft and enact tax legislation to provide against excessive profits and excessive incomes.

Referring to the matter that is at hand today in the amendment offered by the gentleman from Pennsylvania, for whom I have deep regard, I feel it is not germane in this legislation to take up matters that are concerned with the authority and the jurisdiction of another committee in this instance the Committee on Ways and Means. Certainly that committee should move at the earliest possible moment to take such steps as may be required to insure against excess profits in business and in industry because, again, this is a war that belongs to everyone. Every citizen in this country must bear his and her just share of the burden. But for today the men who are dying today in Korea and who may die in increasing numbers tomorrow and the day after tomorrow have the right to know that the Congress of the United States is moving ahead today to see that steps are taken to keep that important segment of our economy which has to do with the wage structure from running out of bounds as it did on several occasions during World War I.

It is my intention to oppose elimination of this section from the bill at this time and it is also my intention to support adequate legislation which will put ceilings on profits and on incomes at such time as it is brought to the floor of the House for consideration.

The CHAIRMAN. The time of the gentleman from California has expired.

(Mr. JACKSON of California asked and was given permission to revise and extend his remarks.)

(Mrs. DOUGLAS asked and was given permission to revise and extend her remarks.)

Mrs. DOUGLAS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, perhaps the gentleman from Pennsylvania was not on the floor of the House yesterday during the debate, because at that time I spoke of the urgent necessity of passing an excess-profits tax. I also said it was preposterous to discuss for one moment the control of wages without the same time discussing the control of excess profits. We should introduce an excess corporate profits tax immediately. Corporate profits are soaring already. We must take profiteering out of war and we should do so at once. This is a time when each member of the Nation must function as a member of the team. Each must make his best and utmost contribution. Young men who can man tanks and guns and planes and ships are anxious to do their part. They must accept personal conscription, must accept the total restrictions of military service and still give all they have—their lives if need be. Those of us who remain at home because we can work and produce and invest, must do just those things. We must accept less vital restrictions than the soldiers. We must accept the conscription of our excess profits and earnings, we must accept the restrictions of civilian mobilization—and all the while we must produce and work, and produce and work, unstintingly.

Mr. FLOOD. Mr. Chairman, will the gentlewoman yield?

Mrs. DOUGLAS. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. I simply wanted to say to the distinguished gentlewoman from California that I was referring to the debate of today. As a matter of fact, I was inspired to introduce my amendment by the remarks of the gentlewoman yesterday, which I read in the RECORD, on the subject of excess profits, with which I concur.

Mrs. DOUGLAS. I thank the gentleman from Pennsylvania. May I say to the gentleman from Pennsylvania that I am not going to vote for his amendment, not because I feel any less strongly about the necessity of proper economic mobilization than the distinguished gentleman from Pennsylvania, but because these are stand-by controls that we are giving to the President. These are only part of a complete economic and fiscal program. It is up to Congress to do the rest of the job. We should not take the stand-by controls out of this bill. But we should pass an excess-profits tax.

I think it would be folly if this Congress finished with what we consider emergency legislation to meet the present conditions in the world and not bring to the floor of this House a bill that would adjust taxes to meet the present situation.

At the point of maybe boring the Members of the House, may I again read some figures that indicate what the profits have been. But, first, let me refute one of the statements made earlier to the effect that increases in prices have resulted almost wholly from increases in wages. This is just not so. There have been some spectacular rises in prices especially in meats and other food items. And in certain basic materials such as steel, zinc, and copper.

Wage rates per hour on the other hand have risen negligibly. The average weekly earnings of labor, which is their hourly rate multiplied by the number of hours they work per week, has risen about 2½ percent since June 15, 1950. The main point to note, however, is that this rise has come about because workers have worked more hours per week on the average since that time. As I have said before, wage rates have not increased. These are the most accurate data available. These statements were confirmed just this morning by Mr. Ewan Clague, Commissioner of the Bureau of Labor Statistics, in his testimony before the Senate Banking and Currency Committee.

Now let us just look at profits for a moment.

At the peak of World War II profits of all corporations in the United States after taxes totaled about $10,000,000,000 a year. In the first quarter of 1950, according to Government figures, the annual rate of corporation profits was over $19,000,000,000. Financial statements for the second quarter of 1950 are showing every indication that the annual rate of profits in the second quarter of 1950 will be at least $22,000,000,000 or $23,000,000,000. For the second half of the year, unless taxes are drastically increased, corporate profits after taxes will be at least $25,000,000,000 on an annual rate. This means that after taxes all of the corporations in the United States will be earning at least two and one-half times what they earned at the peak of World War II.

I have before me the profits of three corporations which will show specifically how profits are rising continuously right now. The General Motors Corp. reported a net profit after taxes in 1949 of $656,000,000. This was a profit of about 33 percent on net worth. Today, in 1950 the annual rate of profit for the General Motors Corp. has risen to an estimated $850,000,000 after taxes. This is a profit of about 45 percent on net worth. In less than 1 year this one corporation has increased its profits by $194,000,000. The profit rate has increased from 33 to 45 percent.

Another example is the General Electric Corp. For the first 6 months of 1949 GE made $46,000,000 in profits, after taxes. For the first 6 months of 1950 the General Electric Corp. has made $77,000,000 after taxes. This is an increase of 66 percent.

Another example, the Republic Steel Corp. earned a profit of $25,500,000 during the first 6 months of 1949. In the first 6 months of 1950 Republic Steel has upped its profits to $37,700,000, after taxes. This is an increase of 48 percent.

These examples show tremendous profits but they are pre-Korean figures.

They do not reflect yet the new defense program.

It is my belief, and these figures prove the point, that an excess-profits tax ought to be passed immediately, and it ought to become effective as of January 1, 1950, or at the very latest, July 1, 1950. We should strive to cut the aggregate corporate profits after taxes back to a maximum of around 50 to 75 percent above the peak of World War II. Surely, this would not be asking too much.

Such a tax program will take away the inducements for speculative buying and for profiteering. An excess-profits tax is much preferable to increasing the tax rate on all corporations. It is much more fair and will yield much more revenue than a boost in the corporate tax rate from 38 percent to 45 percent. Such an excess-profits tax if based on current earnings, could yield eight to ten billion dollars. Of course, there will be many problems to be solved in establishing the criteria for an excess-profits tax, but it was done before and it can be done again and without too long a period of debate and study.

Several billion dollars of added taxes should be derived from raising individual income tax rates. In 1948 the Republican Congress passed an ill-conceived and ill-timed tax cut aggregating about $4,000,000,000. I do not think that most Americans suffered from an undue tax burden in the immediate postwar years. In view of our present critical situation and the sacrifices of the boys in uniform, it is not asking too much of the American people to impose the same amount of taxes which were paid before the 1948 cut.

The President has already made proposals to the Congress that the total tax take for the present fiscal year be increased by approximately $5,000,000,000. He advised that heavier taxes would be requested later. In my judgment, his recommendations are sound but they do not go far enough now. We must not lag behind in our tax measures as compared with our preparedness and defense expenditures. Increases which have already been requested for defense purposes will necessitate a sizably enlarged tax take and there is no point in delaying because this will not only mean a growing deficit but will fail to stem the tides of inflation which are so serious already.

The President's interim tax measure was undoubtedly motivated in part by the fact that Congress normally requires many months to formulate a new tax bill. Well, these are not normal times. We cannot afford the luxury of either a halfway measure or of "legislation as usual."

Mr. MULTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, let us look at this amendment for what it is and what it does to this bill. It would eliminate all wage controls from the present bill. I assume if you will do it to the Spence bill you will do it to the Kunkel amendment. You will then get no controls of any kind.

Let us not fool ourselves about this. Anyone who sat in at the hearings before the Rules Committee or anyone who has listened to the debate in the last few days on the floor of this House, must know that the temper of the House is that if you do not have wage controls you are going to get no price controls. They will have to go hand in hand.

Of course, we want to curb profiteering and we want to curb excess profits. There is an amendment at the desk now which I understand will be offered by the distinguished gentleman from Ohio [Mr. HUBER], to impose excess war profits taxes. Our committee is not the committee to consider it. Our committee cannot tell you when you will consider it. You should not ask us to encroach upon the jurisdiction of the Committee on Ways and Means. They will consider it, and I am sure they will give it to us in ample time.

Mrs. DOUGLAS. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentlewoman from California.

Mrs. DOUGLAS. I am sure the gentleman did not think I made any suggestion that an excess-profits tax should come from the Committee on Banking and Currency. However, I think it is proper for the Members of this House to express themselves to other committees and make more than a suggestion, to lay down what they feel is a minimum of what we should do at this time. I think today is the time to talk about excess-profits taxes.

Mr. MULTER. I quite agree with the gentlewoman. I intended no criticism of anything she said. Neither am I criticizing the thought that prompted the gentleman from Pennsylvania in offering his amendment. I am talking against the amendment to the Spence bill which seeks to eliminate wage controls because this bill does not contain a profits tax provision. The amendment should not prevail. You cannot get any controls if you are going to take wage controls out of this bill. There is ample provision in this measure as offered in the Spence substitute to control profits to a reasonable extent. In section 401 we express the intent in so many words. That is title IV. Price and wage stabilization is intended to eliminate and prevent profiteering, manipulation, and speculation, and to protect the consumer, the wage earner, and the investor from undue impairment of their living conditions.

One of the major differences between the Kunkel amendment and the Spence substitute is that the Kunkel amendment seeks to control only wholesale prices while the Spence substitute seeks to control all prices up and down the line. I hardly need call to your attention the fact that during the OPA days business devised the scheme of vertical set-ups, so when you controlled the wholesale price or the manufacturer's price, he set up a retail outlet so as to evade the OPA provisions. Here in the Spence substitute you have an over-all control provision on prices, which will limit profits at least to some extent until we get the excess-profits tax to take away unconscionable profits.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. I am sure the distinguished gentleman from New York is not suggesting that the declaration of intention in the Spence substitute can in any way impose any control on profits.

Mr. MULTER. No, but the intent is followed up very clearly in section 402 with its implementation. It provides for the establishment of a ceiling or ceilings on the prices of every commodity and service, and then in the next section you get the control of wages.

Mr. FLOOD. Mr. Chairman, will the gentleman yield for a question?

Mr. MULTER. I yield.

Mr. FLOOD. Does the gentleman identify profits and prices in the same economic category?

Mr. MULTER. I do not know how you can eliminate profits from control when you control prices because you necessarily are controlling profits to a very great extent when you control the price at which an article may be sold.

Mr. FLOOD. May I submit that is not responsive to my question. I want to know if you consider profits and prices in the same category vis-à-vis wages.

Mr. MULTER. I certainly do. One need not be an economist to know that you control profits when you control prices. A primary result of price control is the limitation of profits.

Mr. REED of New York. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, those who are familiar with the history of the Communist terror in France in 1793 and 1794 can find ample precedents for some of the control proposals now before the House.

The record of the Communist terror shows that on April 4, 1794, the convention proclaimed a general requisition of all who could serve the state, whether with hand or brain, and threatened to haul before the revolutionary tribunal those who should try to evade this duty.

What was the difficulty that arose? It was how to apply laws which were impossible to execute. The moment the decree was promulgated the shops were emptied, for everyone hurried to buy at an artificially low price what had cost two or three times as much the day before; and when the stocks were exhausted no one was willing to renew them.

In a single day there was no sugar, oil, or candles in Paris. In the provinces the country people rushed to the towns to exchange their notes for clothes, boots, pieces of stuff, or groceries, which the law forced the tradesmen to sell at a ruinous price, and then hurried back to hoard their corn in hiding places which none could discover.

In fact, everyone wanted the maximum prices fixed for his neighbor and liberty for himself.

The law was not only tyrannous but a measure of expropriation. Those who controvened it were threatened with the severest penalties: A year's rigorous imprisonment for bakers who ceased to work, 10 years in irons for millers who bargained over the sale of grain or flour, 10 years in irons for farmers who sent in false returns, and death for those who tried to obstruct the requisitioning.

Did labor escape the rigors of control under the Communist terror in France? A member of the convention addressed some workmen who had revolted against the maximum wage in these words:

Brothers and friends, I learn with sorrow that there are individuals among you who are obstinately bent on obtaining an increase of wages which would be a charge on the republic. What, citizens? Can it be that the detestable spirit of greed which the national justice has destroyed in the case of the forestallers has insinuated itself into the pure soil of the revolutionists? * * * You ask that the law shall be rigorously enforced in respect of what you buy, yet you refuse to obey it in respect of everything you sell to others.

What about the attitude of the farmers of France under the rigid controls imposed upon them? The farmers, whenever they were in a position to evade search they understated the yield of their crops and only sold them clandestinely, at the price that suited them. When they could not safely do this they let the crops rot on the ground on the pretext that they had not enough labor to gather them. In other places, since the maximum price for wheat had been imposed before that of oats, they consented to sell the oats, but fed their horses on the wheat. When the retail price of meat was fixed, they refused to supply the butchers. When the price of cattle on the hoof was fixed, they let their beasts perish.

The records show that the immediate effect of the promulgation of maximum prices was to aggravate the crisis in the supply of food. Under the price fixing of the Communist terror the farmers stopped threshing; the bakers ceased to bake; the innkeepers refused to undertake work in the country where it was needed.

A decree of the convention proclaimed as traitors to the country, subject to the death penalty, all those who should excite misgivings as to the food supplies, attempt to corrupt public opinion, or work for a change of government. Later, another decree banished all those living without working who should be convicted of complaining of the existing system of government.

Then there came a law of the suspects.

Under this law those were deemed enemies of the people and marked for the scaffold who should seek to defame or dissolve the revolutionary government—

That is to say, the royalists and moderates—

those who should seek to hamper the supply of provisions—

In other words, the farmers and tradesmen who were restive under the system of expropriation, and the workmen who were restive under that of the maximum wage—

those who should persecute or calumniate patriots—

That is to say all the past, present, and future enemies of the Jacobins and their creatures—

those who should disseminate false news—

That is, all the chattering women—

those who should spread false reports—

That is, all gossips—

those who should seek to mislead public opinion or inspire discouragement—

That is, everyone who was discontented—

Those accused of any of these crimes were haled before the Revolutionary Tribunal either by the convention, or one of the other committees of the government, or the representatives on mission, or public prosecutor.

The preliminary investigation was done away with. If the Tribunal considered itself to be in possession of sufficient moral proofs, witnesses were not to be called.

Mr. Chairman, I suppose that under the hysteria in this grave hour, a Representative in the United States Congress will be charged with disloyalty if he dares to question the wisdom of giving to President Truman all the powers that he demands over the property and liberty of our citizens.

A careful review of the promises of the President now in effect should be had before granting all of the drastic power now demanded in the bills and amendments now being considered.

I insert some of the powers now possessed relating to the economies of the United States.

Some of the specific powers conferred on the President to meet the "economic emergency" crisis of 1933 are as follows:

To decree a national banking holiday and to forbid the export of gold (Trading With the Enemy Act, 1917). Still in effect.

To validate the President's proclamation of a national banking holiday and reenact in amended form the 1917 Trading With the Enemy Act, on which the proclamation was based (Emergency Banking Act, March 9, 1933, amended December 18, 1941). Still in effect.

To permit Secretary of Agriculture to enter into agreements with producers providing for reduction in acreage or production of basic agricultural commodities and to make benefit cash payments. The President was authorized to terminate the "emergency" relating to it (Agricultural Adjustment Act, May 12, 1933; invalidated, 1936). Principles embodied in revised 1938 Agricultural Adjustment Act and in Soil Conservation and Domestic Allotment Act, 1936, both of which are in effect.

To regulate grazing on 142,000,000 acres of the public domain (Grazing Act of June 28, 1934, amended 1936). Still in effect.

To conclude trade agreements with other countries without reference to Congress. This authority includes the right to raise or lower existing duties by 50 percent. (Reciprocal Tariff Act, June 12, 1934, extended June 1945, 1949, 1950). In effect but authority expires June 12, 1951.

To pay farmers an annual limit of $500,000,000 for shifting land from intensive cultivation to forward soil-building and erosion control. Act reestablishes and maintains ratio between purchasing power of farm income and nonfarm income that prevailed in the 5-year period, August 1909–July 1914 (Soil Conservation and Domestic Allotment Act, March 1, 1936, extended January 1, 1949, substitute for invalidated 1933 AAA). Still in effect.

To set up a permanent REA to extend loans for the electrification of rural areas not now receiving central-station power and light service (Rural Electrification Act, May 20, 1936, amended 1939 and October 28, 1949). Still in effect.

To increase capital of Commodity Credit Corporation from $3,000,000 to $100,000,000 to buy, sell, hold, lend upon, and otherwise deal in agricultural commodities. Also, to fix limits of future trading, and to curb excessive speculation (Commodity Exchange Act of June 15, 1936). Still in effect.

To regulate commerce in basic agricultural commodities, to continue cash benefits for farmers who cooperate in soil-conservation practices, to set up a system of market controls for use in years of surplus production and enforce control features by penalty taxes for sales above quotas (Agricultural Adjustment Act, 1938, embodying principles of invalidated AAA of 1933 and Soil Conservation Act of 1936). Still in effect.

To increase wages to minimum of 75 cents an hour. Secretary of Labor is given unprecedented "rule making" authority in determining and in administering minimum wave levels (Fair Labor Standards Act, 1938, amended 1949). Still in effect.

To exercise flexible powers in dealing with problems that surround ownership or control of alien property (Trading With Enemy Act, 1917, amended July 3, 1948). Still in effect.

Among the "emergency" powers made available to the President for war preparation were the following:

The increased lending authority of the Export-Import Bank and the removal of the $20,000,000 limit restriction to any one country (act of March 1940). Export-Import Bank is now a permanent agency.

The regulation of investment trusts and advisers, requiring them to register with the Securities and Exchange Commission. Investment companies had to disclose their investment policies and submit other specified data (Investment Advisers Act of August 22, 1940). Still in effect.

The continuation of Maritime Commission's authority to sell, charter, and operate vessels (Public Law 12, 81st Cong., approved February 26, 1949). Still in effect.

The drafting of the National Guard and the calling up of Reserve components and retired personnel of the Army for periods of training (Selective Training and Service Act, 1940, extended 1950). Draft now extended to July 1, 1951 (Public Law 599, 81st Cong., approved June 30, 1950). Still in effect.

The following are some of the more important war powers made available to the President since 1940:

The power to increase and train the personnel of the Armed Forces (Selective Training and Service Act of 1940, amended 1941, 1942, 1943, 1944, and 1950). Still in effect.

The power to prohibit or curtail the exportation of any articles, technical data, materials, and supplies (Exportation Restrictions Act of July 2, 1940). Still in effect but terminates June 30, 1951.

The power to acquire and retain stocks of strategic and critical materials to supply the industrial, military, and naval needs of the country (Strategic War Materials Act of June 7, 1939, amended July 23, 1946.) Still in effect.

The power to purchase or requisition any foreign merchant vessel which is lying idle in waters within the jurisdiction of the United States (Ships Seizure Act of June 6, 1941; extended June 16, 1942). Still in effect.

The power to coordinate executive bureaus in the Government (First War Powers Act of Dec. 18, 1941). Still in effect.

The power to exempt war contracts from certain restrictions (First War Powers Act of Dec. 18, 1941). Still in effect.

The power to investigate, regulate, or prohibit transactions in foreign exchange and to regulate the import and export of gold and silver (Trading With Enemy Act of 1917; also, First War Powers Act, 1941). Still in effect.

The power to facilitate and regulate the orderly disposal of surplus property (Surplus Property Act of Oct. 3, 1944, amended 1949). Still in effect, but expires July 1, 1952.

The power to continue Federal rent control until December 31, 1950, with local option provision for communities to vote to continue controls for another 6 months (Public Law 574, 81st Cong., approved June 23, 1950). In effect until December 31, 1950.

The power to continue authority of Federal Reserve System to purchase up to $5,000,000,000 worth of obligations from United States Treasury under the so-called open-market program for 2 years dating from June 30, 1950 (Public Law 589, 81st Cong., approved June 30, 1950). In effect.

The power to spend additional $2,000,000,000 for Government support of farm prices (Public Law 579, 81st Cong., approved June 30, 1950). In effect.

The power to extend authority to control the importation of fats and oils and rice products to June 30, 1951 (Public Law 590, 81st Cong., approved June 30, 1950). In effect.

Power to establish priorities and allocations was conferred on the President by the act of June 28, 1940 (ch. 440, 54 Stat. 676), amended August 7, 1946. This statute is still in effect so that the President has some priority and allocation controls without the Defense Production Act.

(Mr. REED of New York asked and was given permission to extend his remarks and include at this point a statement of the controls which the President now has.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FLOOD].

The amendment was rejected.

Mr. McKINNON. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. McKINNON to the Spence substitute: On page 11, line 12, strike out the word "stand-by";

On page 12, after line 19, insert:

"SEC. 401. (a) Whenever the consumers, price index of the Bureau of Labor Statistics increases by 5 percent or more over the index for June 15, 1950, the President shall establish ceilings under section 402 (a) (1) (relating to prices and other charges) and, at the same time, ceilings under section 402 (a) (2) (relating to wages and other compensation), with respect to all materials, services, and types of employment which he finds materially affect the cost of living."

Mr. McKINNON. Mr. Chairman, I would like to point out several advantages in this amendment over what we have in the proposed legislation. This is pretty much in line with the suggestion that was made in the Senate, known as the Fulbright suggestion, yesterday, and was incorporated in newspaper stories today.

There are several advantages to this proposal over what we have now.

First, we have a definite and positive committment to do something, if prices get out of line, or, shall we say, further out of line.

Second, we have the psychological pressure to keep prices down, for no one wants controls if he can possibly avoid controls. This legislation lends that psychological advantage toward keeping price increases and the cost of living down below the 5 percent factor.

It also encourages business, industrial organizations and associations to get together and voluntarily work out a program for absorbing some of these price increases, or doing other things that will keep that cost-of-living factor down below the 5-percent mark, because business and industry do not want price controls either. This encourages their efforts toward keeping prices from rising.

The 5-percent figure is about all the increase that working groups and groups on a fixed income can afford to absorb without going to the Government and demanding some sort of positive price-and wage-control program.

Another factor is the fact that it saves further deflation of our dollar. Every time we have a 10-percent increase in the cost of living it makes our dollar at the present value worth about 6 cents less than it is at the present time.

This sort of proposition would have the effect of stabilizing and holding the value of the dollar at the present level. Further, it would save the painful and almost impossible adjustments that would have to come if we go into a roll-back at a later date. I think that is a very important factor in recognizing our problem at the present time. Now, it has been said that this was in conflict to a certain degree with the President's thought on the matter, but I do not think it is too great a degree at all. I think it is time that we in this House took it upon ourselves to say what should be done; I think it is our responsibility to take some action along that line rather than delegating our responsibility to anyone else. I think it is up to us to realize that now is the time to get in here and write some law that will keep these prices down, and that it is better for us to do it before they get out of hand rather than to do a little bit here and a little bit there and wind up finding that we have drifted into our old habit of being too late with too little. That is why I offer this amendment and recommend it to you.

Mr. FURCOLO. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield.

Mr. FURCOLO. I am going to go along with the gentleman. Is it not true that Canada, which probably has had as much experience in this line as any country, perfected a system which worked about as well as any system tried in any country?

Mr. McKINNON. That is the fact.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield.

Mr. MONRONEY. I was especially interested in the gentleman's statement that industry and business be given an opportunity to impose voluntary controls to keep prices from going above the 5-percent figure. The leaders of both business and industry must realize that unless prices are held within reasonable limits and stabilized that controls are inevitable; and perhaps by having the cooperation of the leaders of industry, manufacturing, and retailing, the united pressure of these business leaders might be brought to bear to prevent prices breaking the 5 percent base to which the gentleman refers.

Mr. McKINNON. I might add that I want to disturb business as little as possible, but we must do something effective to hold down the price level.

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield.

Mr. LANHAM. I think the gentleman is entirely correct when he says that it is our obligation and not that of someone else. I believe the people are going to hold us Members of Congress responsible if we do not do something and do it now to roll prices back. I shall support the amendment.

Mr. McKINNON. I thank the gentleman.

Mr. HAYS of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield.

Mr. HAYS of Arkansas. I wish to ask the gentleman about the provision for compensating those who suffer hardships. Will he explain that? I am impressed with the merit of his amendment.

Mr. McKINNON. I may say to the gentleman from Arkansas that I intend to offer another amendment later which I think covers what the gentleman has in mind. I do not know whether it will meet the approval of the committee or not, but I shall explain it fully at a later time.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. HAYS of Arkansas. Mr. Chairman, I move to strike out the last word because I wish to finish my interrogation of the gentleman from California. If his pending amendment is related to the amendment for relief of hardship cases resulting from price freezing I would be interested in having a brief description of it.

Mr. McKINNON. I do not want to mix the two amendments because they do not go together as well as ham and eggs; it is another idea, and I propose to offer it at a later time after this amendment is acted upon.

Mr. HAYS of Arkansas. Then it is the gentleman's purpose in his pending amendment for freezing prices and wages that it should be determined by a scientific formula, the BLS index. It is therefore mandatory?

Mr. McKINNON. Yes; and I have adopted June 15 as the closest time at which a BLS index was released prior to the Korean outbreak.

Mr. HAYS of Arkansas. June 15?

Mr. McKINNON. June 15. That is an approximation of this base period from May to June. The Department of Labor does not have the figures for the 30-day period from May 24 to June 24. It does have the figure as of June 15. To pin it down to a mathematical exactness, I have selected that date so that there can be no argument, no hypothesis, no matter of feeling but matter of fact.

Mr. HAYS of Arkansas. It follows pretty much the formula of the Fulbright amendment considered by the other body?

Mr. McKINNON. From my understanding, it does.

Mr. HAYS of Arkansas. The Bureau of Labor Statistics is regarded by statisticians and economists as the most reliable and scientific method we have for determining price relationships.

Mr. McKINNON. If the membership can suggest any better source or any

more exact information, I am willing to have it amended in that regard, but I do not think there is anything so dependable as this yardstick, a yardstick, incidentally, which we have depended upon for many years.

Mr. HAYS of Arkansas. I made some study of it in connection with the flexible minimum wage amendment and I was impressed by the fact that the Bureau of Labor Statistics is universally respected. It is entirely nonpolitical, nonpartisan, and scientific in its approach. I think the gentleman has offered a splendid solution to that particular problem and I intend to support his amendment.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Pennsylvania.

Mr. BUCHANAN. Is this the same amendment that Governor Bowles offered in a letter to Senator MAYBANK?

Mr. McKINNON. I do not know. I have not seen Senator MAYBANK's mail and I do not know of Governor Bowles' suggestion.

Mr. BUCHANAN. I believe it is the amendment offered by him. I question whether or not it is administratively workable because of the fact that the Bureau of Labor Statistics considers various factors. The price of foodstuffs does fluctuate and those prices would have to go up considerably in order to increase the BLS 5 points because of the weight on the rent and utility side holding it down.

Mr. McKINNON. I may say to the gentleman that it may not be the perfect answer, but to me it is an awful lot better than that which we have in the bill, which does not provide for any controls; it merely talks about standby controls, which is not helpful to the man who buys the groceries and finds them going up. This is a move for stabilizing prices and giving the man with a fixed income some protection.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from California.

Mr. HOLIFIELD. It is my understanding that, in this amendment if approved by the committee, we will be in effect making it mandatory that price controls be put on our economy at the point where the rise is equivalent to 5 percent of the cost of living, as indicated by the Bureau of Labor Statistics?

Mr. McKINNON. That is right. The Bureau of Labor Statistics puts out a monthly report on the 15th of each month.

Mr. HOLIFIELD. Is it not true that the Congress is taking upon itself the responsibility of placing price controls on the American people, and not leaving it to the President's discretion?

Mr. McKINNON. That is what the amendment provides, and I think it is in due keeping with the responsibilities of the House and the Senate also.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. CRAWFORD. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I would like to have the attention of the gentleman from California [Mr. McKINNON], who has offered the amendment that is now under debate. May I ask the gentleman who offered the amendment, what effect would the amendment have on the language which is in some of these bills that gives the President authority to confer with the heads of great labor organizations, and then take action with respect to control on wages, salaries, professional fees, and so forth?

Mr. McKINNON. I do not understand exactly to what the gentleman from Michigan refers but I would say this to the gentleman, if we have a 5 percent maximum increase in the cost of living, and at that point controls go into effect, I think it would be a very great encouragement to maintain steady and continued wage contracts rather than increasing them and getting our economy out of balance in that direction.

Mr. CRAWFORD. In other words, the gentleman feels that the prices at the manufacturing level, the wholesale level, and the retail level would tend to be damped down with each group knowing that if they did go above 5 percent, that these powers would be invoked.

Mr. McKINNON. That is correct.

Mr. CRAWFORD. And that the same psychological influence would upset those who might have a tendency to demand higher wages and use collective-bargaining agreements to increase wages; is that the idea?

Mr. McKINNON. That is correct. I know quite a lot of laboring people on the local level, and they are not concerned, as far as I know, in getting the grab for themselves, but they do want to be sure that their pay check buys a living, and if we can stabilize prices so that living costs do not go up, they will be happy to maintain the status quo; at least the labor people I know feel that way very strongly, and that is to the Nation's interest as well as to the individual's interest.

Mr. CRAWFORD. Personally I do not believe that there is any legislative body on earth that can legislate price ceilings and price levels and wage levels that will be reasonably acceptable to a majority of the people. But, having in mind that a bill is going to be approved carrying such provisions—and I certainly have not made up my mind to support such provisions—I do not know why the whole situation should not be tied to a cost of living or price index. So, I think the gentleman can be congratulated for offering the amendment.

Mr. McKINNON. I would like to point out, if I may, one further fact, and I think this is very important. When we start putting in price levels and controls, they have to go hand in glove with wage controls, for two reasons: First of all, it follows naturally that they go together, because one influences the other. Second, because I do not think any of us want continued controls in a free economy if we can get rid of them by having business and labor tied together in the same basket we are going to have both of those great forces working to get rid of controls at the earliest possible moment, whereas if we have them separated we might find one group wanting controls continued and the other group wanting controls ended, and then we have a political situation. I think this is our maximum guaranty that we can get rid of controls at the earliest possible moment.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Michigan.

Mr. FORD. I would like to ask the gentleman from California, under his amendment, if by chance the cost of living index goes down below 105, of the June 15 level, do controls automatically go off?

Mr. McKINNON. Does the gentleman mean at a future time?

Mr. FORD. Yes; whenever that might be, and if it does, under the gentleman's amendment do controls go off immediately?

Mr. McKINNON. That would be my thinking, although it might be necessary for the time being to keep a standby organization in hand in case prices go up again.

Mr. CRAWFORD. May I ask the gentleman this question? In the light of section 2 of this bill, which is a very broad policy and ties our whole economy in the United Nations concept, on what basis could the President fail to issue a reduction if your price index declines? I am not referring to section 2, which lays down the broad policy and ties the economy of the country to the objectives of the United Nations charter.

Mr. McKINNON. I think the gentleman is far more qualified to answer that question himself than I. He has been here longer than I, and I think he reads the law much more clearly. I think the gentleman knows his own answer.

Mr. NICHOLSON. Mr. Chairman, I move to strike out the last word.

Mr. McSWEENEY. Mr. Chairman, will the gentleman yield?

Mr. NICHOLSON. I yield to the gentleman from Ohio.

Mr. McSWEENEY. I should like to ask a question of the gentleman or the gentleman from California. In response to the suggestion of the gentleman from Michigan [Mr. FORD], if prices go below 5 percent, there might be extenuating circumstances when they might not rise to 5 percent. What would be operative then?

Mr. NICHOLSON. I think they are wasting their time when they are thinking about 5 percent or any other percent. I think the people of this country are capable of running their own business. If butter gets up to $1.50 a pound, we do not eat butter.

I hope I have answered the question of the gentleman from Ohio, but I do not think it is a very satisfactory answer. The gentleman knows as much about it as I do.

I do know one thing, Mr. Chairman—that we are probably wasting our time here because the President now has all the authority we are giving him or forcing on him to take care of the situation as it is today, but we are still in a state of war. The Supreme Court has said we are. In a rent-control case within the

last year they said that until the President declares this war emergency over these things are constitutional. So the last war emergency is not over. The President has the right to do whatever he pleases because this is a national emergency and the war is not over.

Yesterday the majority leader, the gentleman from Massachusetts, said that no one was confused about this; that everybody on their side of the aisle knew what they were doing. Perhaps they do. I know for sure that I do not know what I am doing, and I have been trying to legislate up in my own State and here for the last 25 years.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. NICHOLSON. I yield to the gentleman from New York.

Mr. MULTER. Simply as a matter of information, may I advise the gentleman that the President even under the war-powers legislation does not have the right to invoke price control or wage control.

Mr. NICHOLSON. Under the authority that was given the President in the last War Powers Act he has the right to do anything he pleases, and the gentleman ought to know it.

We were told here last Monday by the chairman of the Committee on Banking and Currency, of which I have been a member for the last 3 years, that the President wanted what we brought in here in a bill from the Committee on Banking and Currency. There was one vote against it. I was against it because it took away a constitutional privilege that the people of this country are supposed to have. I have sworn to uphold the Constitution, and I am not going to vote for any bill that is unconstitutional or any part of a bill that I think is unconstitutional.

So we were told that that is what the President wanted. The next day the President wanted two or three more things. If we keep on with this we will have cotton acreages and peanut acreages and rent control and a hundred and one other things in this bill, and the longer we keep on with this here, the worse we will get.

Now then, there is only one thing that we are interested in here, in my opinion, and that is to see that the people who have to do the suffering, the families that are affected by the draft and whose boys are taken out of their homes and sent to the front, and the families where the poor old mother goes down to the grocery store and stands in line all day with a bunch of ration tickets—as I say, the thing we are interested in here, or at least should be interested in is to see that those people are taken care of. I wonder if you have forgotten what happened only 4 or 5 years ago. I wonder if you Members of Congress have forgotten what a sigh of relief everybody in this country gave out when we got rid of these ration tickets and everything else—in other words when we stopped, to that extent at least, the Government running your home. It is bad enough for the Government to step out of line and go beyond the Constitution without it coming in and telling you how to live and how to raise your family and everything else. There is no more sense in rationing today than there would be if there was not any cloud of war a hundred years away. We have plenty of productivity in this country, and everybody knows it.

There is no sense in it. What you are trying to do is to build up an hysteria in this country. The sooner we quit trying to do that and trying to fool the people back home, the better off we will be. Certainly prices have gone up, but they have gone up due to the avarice and greed of mankind, and prices always will go up and you cannot stop it. You can put in a black-market bill here if you want to, but you will have a black market and a gray market, and you will have people all over these United States lying and stealing and evading the law.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. MCKINNON].

The amendment was agreed to.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER to the Spence substitute: On page 46, after line 18, add a new subsection, subsection (d) as follows:

"The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this act. The Attorney General shall submit to the Congress and the President within 90 days after the approval of this act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable."

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. MULTER. As I understand it, and I am advised to say this, the gentleman has discussed his proposed amendment with the members of our committee on this side of the aisle, and, I think, also has another one similar in effect; and that it is agreeable to us. I understand he has also discussed it with the gentleman from Texas [Mr. PATMAN], chairman of the Small Business Committee, who has also agreed to it. This is the same amendment that the gentleman discussed yesterday and told us the Department of Justice had approved of it, as well as the Federal Trade Commission.

Mr. CELLER. That is correct. This is an amendment which was submitted to the Attorney General and he has approved. It is in haec verba, with similar provisions contained in the War Mobilization Act of 1944. It simply provides that the Attorney General shall make a survey of general conditions with a view to considering factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of the act.

I have spoken to the gentleman from Kentucky [Mr. SPENCE], the distinguished chairman of your committee, and were he here I am sure he would voice what you have just indicated, namely, approval of this amendment.

Mr. MULTER. He has authorized me to make the statement I have made on his behalf.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. CELLER].

The amendment was agreed to.

Mr. CELLER. Mr. Chairman, I offer another amendment of similar import.

The Clerk read as follows:

Amendment offered by Mr. CELLER to the Spence substitute: On page 45, line 23, after the word "act", insert "pursuant to this act."

On page 46, line 6, after the word "General", insert the words "and the Chairman of the Federal Trade Commission."

On page 46, line 13, after the word "General", insert the words "and the Chairman of the Federal Trade Commission."

On page 46, line 14, strike out the period, add a comma, and the following: "and that if any objection is made by the Attorney General or by the Chairman of the Federal Trade Commission within that period, the President, or such person as he may designate, shall approve or disapprove the request."

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. MULTER. This amendment also was discussed by the gentleman yesterday and placed in the RECORD. I am authorized to make the same statement with reference to this amendment on behalf of the members of the committee on this side of the aisle that I made with reference to the other amendment, that it is acceptable to us.

Mr. CELLER. Mr. Chairman, there is an error in the amendment. The words "pursuant to this act" should follow the words "omission to act."

The CHAIRMAN. Is there objection to the qualification of the amendment?

There was no objection.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. KUNKEL. I wish to state that we have no objection to this amendment, on this side. It follows the law that was on the books previously, and that is the policy that I have tried to follow in my own substitute, to make it conform to previous war legislation, which the gentleman's amendment does.

Mr. CELLER. Supplementing what I said yesterday about exemptions from operations of the antitrust laws granted during the last war it would appear from the Justice Department files that 175 to 200 exemptions were granted during the war period through to 1945.

Twenty-seven cases of an antitrust nature were postponed till the war was over. Of these two were actually on trial at the time of postponement. One affecting the General Electric Co., the other affecting the American Optical Co.

Generally the Justice Department adopted a policy of disapproving applications for exemptions and insisted upon going to trial where fraud was alleged.

I herewith append telegrams approving these amendments:

WASHINGTON, D. C., *August 3, 1950.*
Hon. EMANUEL CELLER,
Chairman, Judiciary Committee,
House of Representatives:

The National Association of Retail Druggists representing 34,000 independent retail pharmacists practicing their profession in every State of the Union and the District of Columbia endorses your amendment to the Defense Act of 1950 as it relates to section 508 (a) and (b). It is imperative that small business must not be deprived of the protection of the antitrust laws.

JOHN W. DARGAVEL,
Executive Secretary,
National Association of Retail Druggists.

WASHINGTON, D. C., *August 3, 1950.*
Representative EMANUEL CELLER,
House Office Building:

We strongly support your proposed amendment to section 508, defense production bill. Such amendment essential to preserve antitrust legislation and free economy.

COOPERATIVE LEAGUE,
WALLACE J. CAMPBELL.

SEATTLE, WASH., *August 3, 1950.*
Hon. EMANUEL CELLER,
Chairman, Judiciary Committee,
House of Representatives:

National Congress of Petroleum Retailers heartily endorses your amendment, section 508, Defense Act 1950.

RANKIN PECK,
President, National Congress of
Petroleum Retailers, Inc.

WASHINGTON, D. C., *August 3, 1950.*
Hon. EMANUEL CELLER,
Chairman, Judiciary Committee,
House Office Building:

I have reviewed the proposed amendment to section 508 (a) and (b) of the Defense Production Act and I wish to say that the National Federation of Independent Business consisting of a membership of over 100,000 independent business and professional men will vigorously support your proposed amendment to the bill for the purpose of protecting our antitrust laws.

Without this amendment it would leave the door wide open to possible nullification of the antitrust laws. In the time of national emergency it is more important than ever before that independent business receive protection under our antitrust laws.

We must not in fighting for freedom abroad take steps which would result in the loss of freedom at home.

GEORGE J. BURGER,
Vice President, National Federation
of Independent Business, Inc.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. CELLER].

The amendment was agreed to.

Mrs. ST. GEORGE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. ST. GEORGE to the amendment offered by Mr. SPENCE: On page 48, line 20, of the Spence admendment, add the following new section:

"SEC. —. (a) There is hereby established a Joint Economic Security Committee, to be composed of four Members of the Senate (two from each major political party) to be appointed by the President of the Senate and four Members of the House of Representatives (two from each major political party) to be appointed by the Speaker of the House.

"(b) The joint committee is authorized and directed to make a continuing study and investigation of, and advise and consult with the President with respect to, the administration of this act. The members of the joint committee who are Members of the Senate shall from time to time report to the Senate, and the members of the joint committee who are Members of the House of Representatives shall from time to time report to the House, with respect to the manner in which the President is using the powers and authority granted to him under this act. Such reports shall contain such recommendations as the joint committee deems advisable.

"(c) Vacancies in the membership of the joint committee shall not affect the power of the remaining members to execute the functions of the joint committee, and shall be filled in the same manner as in the case of the original selection. The joint committee shall select a chairman and a vice chairman from among its members.

"(d) The joint committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such places and times, to require, by subpena or otherwise, the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with a subpena or to testify when summoned under authority of this subsection.

"(e) The joint committee is empowered to appoint and fix the compensation of such experts, consultants, technicians, and clerical and stenographic assistants as it deems necessary and advisable, but the compensation so fixed shall not exceed the compensation prescribed under the Compensation Act of 1949 for comparable duties. The committee is authorized to utilize the services, information, facilities, and personnel of the departments and establishments of the Government."

Mr. PATMAN. Mr. Chairman, I make a point of order against the amendment, but will reserve it to permit the gentlewoman from New York to make a statement if she so desires.

Mrs. ST. GEORGE. I thank the gentleman from Texas.

Mr. KUNKEL. Mr. Chairman, will the gentlewoman yield?

Mrs. ST. GEORGE. I yield.

Mr. KUNKEL. I should like to know at what portion of the bill the amendment is to be inserted.

Mrs. ST. GEORGE. It is to be added to the end of the bill as a new section.

Mr. KUNKEL. Does not the gentlewoman feel that it would be preferable to add it prior to the termination clause?

Mrs. ST. GEORGE. Yes; I agree with the gentleman. If the gentleman would prefer to see it inserted there I certainly would agree with the gentleman's opinion.

Mr. KUNKEL. At page 48, line 20.

Mrs. ST. GEORGE. Mr. Chairman, I ask unanimous consent that my amendment be inserted at page 48, line 20, after the word "thereby."

The CHAIRMAN. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Mrs. ST. GEORGE. Mr. Chairman, this amendment is not an original thought with me; it was inspired by the testimony of Albert S. Goss, the master of the National Grange. I think Mr. Goss brought out an extremely important thing; and even if this amendment does not carry, I want to speak to that specific point.

Mr. Goss in his testimony stated that the Congress of the United States were the representatives of the people and were closer to the people than anyone else. I think this is a fact that has been lost sight of; and we, the Members of Congress, are losing sight of that fact. For the last 20 years or more this Nation of ours has been engaged in wars or has been close to war. War and freedom cannot live together; they cannot mix, and as a result we Members of Congress have abdicated many of our powers. This amendment merely seeks to put the Congress back a little bit into the high councils of government.

This commission would meet with the President. They would not influence his final decision, because I realize that that would not be their province; but at least they would know what is happening, and I submit to the Members of this House that many of us have not known what was happening for a long time and that there have been a great many changes of opinion made very suddenly, such as the strategic value of Korea and Formosa. It seems to me, therefore, that we owe a responsibility to the people who sent us here, that we cannot in a moment of hysteria pass this legislation which gives all power to the executive branch of the Government and then perhaps turn around and blame the Executive for the mistakes that are made. We have a responsibility to our people; we must assume that responsibility. It has been well said today that this war is everybody's war; it is also the war of Members of Congress. Congress, however, must shoulder its responsibility; we must play our part; we must not abdicate. For that reason I have introduced this amendment, and I hope that it will carry. It is a mild amendment; it is perhaps far too mild, but I do believe that it will again establish the equality of the legislative branch of the Government that has been lost on every hand. It will not reestablish it entirely, but it will again put us on the way to reestablishing it, if such thing is possible.

Mr. KEATING. Mr. Chairman, will the gentlewoman yield?

Mrs. ST. GEORGE. I yield.

Mr. KEATING. I wish to say to the gentlewoman from New York that I expect to support her amendment. I feel as she does, that it has been altogether too much our tendency to delegate our authority to the executive branch. I also share with her the feeling that this amendment is mild. At least we should do what the gentlewoman has suggested. I have prepared an amendment along similar lines. I think it is the very minimum of what we should do. The people are looking to us to have some hand in

the way this law, if passed, is administered.

Mrs. ST. GEORGE. I thank the gentleman from New York.

Mr. LODGE. Mr. Chairman, will the gentlewoman yield?

Mrs. ST. GEORGE. I yield.

Mr. LODGE. I congratulate the gentlewoman from New York on an excellent and thoughtful statement. She has a very forward looking point of view.

Mr. LUCAS. Mr. Chairman, will the gentlewoman yield?

Mrs. ST. GEORGE. I yield to the gentleman from Texas.

Mr. LUCAS. I have had an opportunity to read the testimony of Mr. Goss, master of the National Grange, and I though his idea was a good one. I have prepared such an amendment myself. I will be glad to support the amendment offered by the gentlewoman from New York.

Mr. COLE of New York. Mr. Chairman, will the gentlewoman yield?

Mrs. ST. GEORGE. I yield to the gentleman from New York.

Mr. COLE of New York. I recall that in the early days of rationing and price control during the last war one of the major criticisms and complaints was that there was no forum where the people could register their complaints and point out the defects in the administration of that law, so much so that subsequently the House did create a special committee for that very purpose. It occurs to me that the proposal of the gentlewoman from New York would in advance of the criticism provide this necessary forum.

Mrs. ST. GEORGE. I thank the gentleman.

Mr. PATMAN. Mr. Chairman, I insist on my point of order. This is an attempt to set up in this bill a joint committee. I do not believe the amendment is germane or that it is in order.

The CHAIRMAN. Does the gentlewoman from New York desire to be heard?

Mrs. ST. GEORGE. Mr. Chairman, I am inclined to think that the gentleman's point may be well taken. Of course, it is more or less of a legal quibble. The amendment, in my opinion, has a very definite place in this bill. What the gentleman from New York [Mr. COLE] said brought that out abundantly, namely, that in the last war, when I was not a Member of Congress, it was found necessary to create this kind of a commission in order to take care of this very matter. For this reason it would seem to me wiser, in view of the fact that we know such an amendment or such a bill may be necessary, to incorporate it at this time in the present bill.

Mr. FULTON. Mr. Chairman, I would like to support the gentlewoman from New York in her position and point out a previous time where the House did create such a joint committee. It was known as the "watchdog committee" on European aid funds. I was a member of that committee. It was not subject to a point of order in the European aid or Marshall funds bill.

Mr. PATMAN. Mr. Chairman, I do not believe the amendment is germane to this bill.

Second. We already have a joint committee, the Joint Committee on the Economic Report, charged with the duty of doing practically everything that this amendment would cause a joint committee to do.

Third. This same proposal came up in connection with the first OPA bill in 1941 and in 1942 and instead of adopting this proposal we finally agreed to have advisory committees. That was inserted in the bill. There was provision for advisory committees to take the place of this.

Mr. Chairman, I insist on the point of order.

The CHAIRMAN. The Chair is prepared to rule.

The amendment offered by the gentlewoman from New York undertakes to set up a joint committee of the two Houses of Congress, which is a subject that is not within the jurisdiction of the Committee on Banking and Currency.

The Chair holds that the amendment is not germane, and, therefore, sustains the point of order.

Mr. SPENCE. Mr. Chairman, I wonder if we can agree on a time to close debate on the Spence substitute.

Mr. PATMAN. If this amendment is defeated, the Kunkel amendment will be subject to amendment? In other words, the gentleman is asking for a vote on the Spence amendment?

Mr. SPENCE. On the Spence substitute; yes.

Mr. BARDEN. Does the gentleman mean to cut off debate now and accept the Spence substitute?

Mr. SPENCE. No; I am asking for a time at which debate shall be cut off. I suggest that debate be cut off at 3 o'clock. I do not mean to cut off the amendment. If the Spence substitute should be defeated, the Kunkel amendment will then be subject to amendment.

Mr. BARDEN. The gentleman has more faith in his bill than many of us who do not think we can make a good bill out of it by 3 o'clock.

Mr. SPENCE. I have a great deal of faith in the House.

Mr. BARDEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARDEN: On page 30, line 3, of the Spence substitute, strike out all of title 5.

[Mr. BARDEN addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. ALLEN of Illinois. Mr. Chairman, I move to strike out the last three words, and ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ALLEN of Illinois. Mr. Chairman, when H. R. 9176 was presented to the House of Representatives for consideration, my mind was an open one. For 3 days I have listened to debate. During the entire time, there has been considerable confusion, disordered explanations, and a confused collection of ideas. No one has given the least reason why this drastic action is necessary. I am convinced that the entire proposition was ill-conceived, ill-planned and ill-timed.

Who wrote the original bill? Who is the master mind behind this scheme to regiment the American people—to saddle the American people with another OPA, snoopers, bureaucrats, and black markets? Surely not anyone who has given credence to the productive and the inventive capacities of Americans who have made this the greatest nation since the beginning of time—the greatest in terms of human comfort, human freedom, and liberty, human safety and the highest standard of living—who, next to the boys who fought, did more than anyone else to win World War II.

Should this Congress surrender every responsibility, and permit these do-gooders to regiment and control the daily lives of 150,000,000 of our people, while on the other hand young American men are scattered throughout the world to stop just that sort of thing? I say not.

I ask you why representatives of agriculture, of business, of labor were not brought before the Committee on Banking and Currency for their expressions? Because, of course, they would have made too good a case against this unwarranted action.

America has become great because of freedom of action and freedom of opportunity. The difference between America's productive greatness and other nations of the world is the degree of regimentation and interference.

The only reason that has been given why we need this stringent action, is because our defense department needs supplies and materials. Will anyone deny that when the defense department makes its requirements known, that our industrial plants will not go all out to meet those requirements? Will anyone deny that the best way and the surest way to meet those requirements is to let them alone—free from controls and interference? Performance in the past should answer that question. They have the capacity, the know-how, the experience, and the will to meet the requirements on schedule.

I believe controls unnecessary because I fervently believe that our mines, our mills, our farms, our factories can produce more efficiently if they are not hampered by boards, bureaus, and unnecessary regulations. I say this with the sincere belief that it is the best way to assist in getting us out of the present precarious position. If I thought otherwise, I would be for controls, regimentation, boards, and commissions.

I think passage of this bill would be a backward step. Its accomplishments would be exactly opposite to what we desire. A regimented United States plays into the hands of our enemies and accelerates the trend toward the system they advocate and which we are fighting.

If the Congress of the United States is not in agreement with this position and they do decide to risk the placing of controls upon our productive capacities, I urge that these controls be limited to priorities, allocations, requisitions, and plant construction—only for those specific things needed by the military, the

Atomic Energy Commission, or arming our allies.

Concern over inflation is growing in some quarters. The only reason for this concern at the present time is due to a consumer hysteria. There is no shortage of supply—industry and distribution have met all demands up to this time. There is no reason why—left unhampered—industry and distribution should not meet any demands presently proposed by the Department of Defense, and take this domestic production and distribution in stride.

If the Congress of the United States believes that laws should be prepared for inflation control, I would recommend that the laws be written now for future enactment only when necessary, and that these laws establish at this time the base period for prices and wages, so that when it is found necessary to put the law into effect, both wages and prices will be rolled back to the preestablished date. I further recommend that the determination of the effective date be made only by Congress and that Congress jealously reserve that right.

During our period of rearmament for defense, I strongly urge—and reiterate this position—that Congress drastically cut and eliminate all unnecessary spending; and that city, State, and county, and other local government bodies, along with national bureaus and agencies, refrain from construction of public works, public meeting halls and buildings, and all of those things that will use materials, supplies, manpower, and contribute to an inflation—except those that are essential to the public health and safety.

Every Member of Congress is gravely concerned over present world conditions. Never in history have the people of the world been so confused. Never in the history of the Congress of the United States has it been so important that minds remain free from politics and hysteria as at the present time.

Mr. O'TOOLE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the previous speaker, the gentleman from Illinois in the beginning of his remarks said he did not know where the agitation for price control came from. He intimated that perhaps there were some secret pressure groups behind this legislation. The American people are neither without reflection, nor memories. They remember during the last conflict the immense fortunes that were made by black marketeers at the public's expense and to the public's detriment. They have observed that this same lack of patriotism exists at the present time. They have seen the prices of necessary commodities go sky high during the few days of this so-called Korean crisis.

If the gentleman from Illinois will but study his mail he will see that the demand for this legislation comes from the grass roots and from the city streets and he will see that the agitation is a spontaneous one. The American people are not content to wait any longer. They have had the opportunity to observe the selfishness of those who would take advantage of the country's plight. The American people are determined that there shall be legal restraints upon those who care not for the common good. They know that legislation must be enacted giving the President broad powers to control the situation. They know that the ordinary parliamentary procedure would be entirely too slow and would not be effective.

The gentleman constantly used the word regimentation. Let me remind him of this. For the last quarter of a century the words regimenting and regimentation of the American people have been thrown around in this Chamber quite casually, yet for 22 of the last 24 years the American people have placed their destiny in the hands of those whom you say are regimenting them. The people know that while the Democratic Party may have made mistakes it has constantly tried to do that which would be for the common good. The people have faith in us and they have faith in this legislation. They know that they asked for it and since they did we should not be politicians today. We should give to the President broad, sweeping powers with full penalties that will make it possible for him to protect our people from black marketing, hoarding, and price raising.

The CHAIRMAN. The time of the gentleman from New York [Mr. O'TOOLE] has expired.

Mr. McCONNELL. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I rise at this time to support the amendment offered by the gentleman from North Carolina [Mr. BARDEN], chairman of the Committee on Education and Labor, which would strike out title 5 of the new Spence bill.

OBJECTIONS TO TITLE V

There seems to be no need whatsoever for the inclusion in this bill of title V, entitled "Settlement of Labor Disputes." The main purpose of this bill is to halt inflation and hoarding and the misuse of scarce materials in the interest of national defense. There are provisions in the bill to provide for wage stabilization.

Once wage stabilization goes into effect the issues which might arise in labor disputes are so limited that it is not necessary to have a new Board created which would merely duplicate the work of the Mediation and Conciliation Service established by title II of the Labor-Management Relations Act of 1947.

Section 201 (a) of that act already states that the national policy is to promote industrial peace "by the settlement of issues between employers and employees through the processes of conference and collective bargaining between employers and the representatives of their employees."

Section 201 (c) of that act also provides that certain controversies can be minimized by making use of governmental facilities for mediation. In other words, the statement of policy embodied in section 501 of this bill and the first sentence of section 502 are already embodied in a permanent statute. The second sentence of section 502 which authorizes the President to take such action as he deems appropriate for the settlement of labor disputes, including the designation of boards and commissions, is dangerously broad. It would not only give the President authority to create unnecessary and duplicating agencies of mediation, but also seems to imply that if he saw fit he could create a system of compulsory arbitration and even resort to such sanctions as conscripting labor, as he once sought to do in the famous railway labor strike of 1946. Surely, if any such stringent measures need to be taken they should be carefully considered by the standing Committee on Education and Labor of this House and reported to it for consideration in a bill specifically defining the circumstances under which such authority may be used.

It cannot be said today that the President is powerless to prevent stoppages which endanger the national defense. Sections 206 to 210 of the Labor-Management Relations Act authorizes the President whenever the national safety is endangered to apply for injunctive relief in the courts.

The authority given to the President is so broad here in the new Spence bill that it is not even clear that he must exercise his authority within the framework of the Labor-Management Relations Act.

In my opinion, title V should be stricken from the bill.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. McCONNELL. I yield.

Mr. FULTON. As the ranking Republican on the Committee on Education and Labor, I ask the gentleman, and also I ask the chairman of the Committee on Banking and Currency, the gentleman from Kentucky [Mr. SPENCE], to tell us in their capacities what effect this title 5 has on the Taft-Hartley law? Does it reenact it, keep it entirely in effect, or does it repeal it and cut it out, or does it amend it?

Mr. McCONNELL. I think it decidedly casts a shadow of doubt as to the processes set forth in the Labor-Management Relations Act of 1947, known as the Taft-Hartley Act.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. McCONNELL. I am glad to yield to the gentleman from Texas.

Mr. PATMAN. Has the gentleman read the last sentence of title 5?

Mr. McCONNELL. Yes; I have read the last sentence.

Mr. PATMAN. I cannot understand how the gentleman can make that statement in view of the language in that last sentence. That language states:

> Any such action shall be consistent with the provisions——

Mr. McCONNELL. What is meant by "being consistent"? Will the gentleman tell us? He offered the bill. I am not sure what it means.

Mr. PATMAN. It certainly is not to be inconsistent.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. McCONNELL. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. PATMAN. Will the gentleman yield that I may finish my quotation?

Mr. McCONNELL. I yield.

Mr. PATMAN. The language reads:

Any such action shall be consistent with the provisions of the Fair Labor Standards Act of 1938, as amended, and other Federal labor standards statutes and with other applicable laws.

Mr. McCONNELL. Why is title 5 put in this particular bill?

Mr. PATMAN. To make sure that laws like Taft-Hartley are not interfered with.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. McCONNELL. I yield.

Mr. HOFFMAN of Michigan. Under the language quoted by the gentleman from Texas, the only person who would know whether or not the Taft-Hartley Act was going to be applicable would be the person administering it. There is no way that we would know.

Mr. PATMAN. The Constitution would take care of that.

Mr. HOFFMAN of Michigan. He could use it or not use it just as he wanted.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. McCONNELL. I yield.

Mr. FULTON. May I then ask the gentleman what is the necessity of the provision that states that the President is authorized after consultation with labor and management to establish: One, such principles; two, procedures, and to take such action as he deems appropriate for the settlement of labor disputes?

Mr. PATMAN. It all ties into section 501. I hope the gentleman reads 501 carefully.

Mr. FULTON. Yes; but if he has not the right to change any existing law at all, why do you give him further powers on principles, procedure, and action?

Mr. PATMAN. Excepting the powers set out here, price and wage stabilization.

(Mr. McCONNELL was granted permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Georgia.

Mr. COX. Mr. Chairman, the situation has been created here in the committee whereby it would appear to me that the committee would be acting wisely were it to accept the counsel of the gentleman from New York, a member of the Committee on Banking and Currency, that the committee turn down the Spence substitute, that it likewise turn down the Kunkel substitute; that it return to the Spence amendment, strike out the exchange and real-estate provisions, pass the law, then let all other questions involved go back to the Committee on Banking and Currency for the quick treatment of that great committee.

Mr. PATMAN. Mr. Chairman, I do not know of anything that is more provoking in wartime or during an emergency than strikes. The gentleman from Michigan yesterday explained how provoking it was to his outfit over in Europe when they read about strikes here in the United States, when they were fighting in World War II.

The object of title V is to prevent strikes in wartime and during an emergency. Why should we oppose that? Why should not we be in favor of stopping strikes? I am not in favor of strikes during wartime. I would like to have some fair, equitable way to stop them. That is the reason for title V in this bill.

Let us read it:

SETTLEMENT OF LABOR DISPUTES

SEC. 501. It is the intent of Congress, in order to provide for effective price and wage stabilization pursuant to title IV of this act and to maintain uninterrupted production, that there be effective procedures for the settlement of labor disputes affecting national defense.

I am sure every Member of this House agrees with that. You do not want production interfered with. You want uninterrupted production.

Here is the rest of it:

SEC. 502. The national policy shall be to place primary reliance upon the parties to any labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement in the national interest. The President is authorized, after consultation with labor and management, to establish such principles and procedures and to take such action as he deems appropriate for the settlement of labor disputes affecting national defense, including the designation of such persons, boards, or commissions as he may deem appropriate to carry out the provisions of this title.

In other words, they must affect national defense, they must affect production. The object of this is to have uninterrupted production and not have strikes during an emergency.

SEC. 503. In any action which may be taken pursuant to authority provided for in this title, due regard shall be given to terms and conditions of employment established by prevailing collective bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this act.

I cannot understand why there should be any objection to this title. I know that the gentleman from North Carolina knows all about labor laws, and I say that because I really mean it. I know hardly anything about labor laws, but, reading this language as a layman, I cannot understand why anyone will oppose it. We do not want our production interrupted. We want uninterrupted production. We do not want strikes involving national defense. We want some way to iron out the difficulties. This is the way provided to stop strikes in an emergency in order to have uninterrupted production.

Mr. BARDEN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from North Carolina.

Mr. BARDEN. I appreciate the gentleman's generosity and his compliment, but right at this time I believe I would rather have his support. Referring to the first part of this section that the gentleman read, there is not a thing in the world new about that. That is the law of the land today.

Mr. PATMAN. It is new in this bill because we are setting up price and wage stabilization. We want to coordinate it. During the last war we did not have coordination.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Chairman, during the last war, the War Labor Board did not coordinate their efforts with price and wage stabilization, consequently without reference to prices or wages they would be increased. This will require coordination.

Mr. BARDEN. Is that not why this Congress set up the Conciliation Service? Is that not why this Congress passed other legislation? The same regulations were in effect then.

But here is the part that the House will not like, and I cannot understand why the gentleman defends it:

The President is authorized, after consultation with labor and management, to establish such principles and procedures and to take such action as he deems appropriate for the settlement of labor disputes.

Does that include compulsory arbitration?

Mr. PATMAN. No.

Mr. BARDEN. What does it include?

Mr. PATMAN. It is all tied in to production for national defense, every bit of it. I do not care what is done under it, but as long as we have uninterrupted production in time of war, I am in favor of it.

Mr. BARDEN. Mr. Chairman, will the gentleman yield further?

Mr. PATMAN. Sure.

Mr. BARDEN. The gentleman would not even attempt to defend this yesterday afternoon and did not know where it came from. Now, does he know where it came from?

Mr. PATMAN. I did not say I did not know where it came from.

Mr. BARDEN. Where did it come from?

Mr. PATMAN. I do not know, but it is a good provision, and I am for it; it is a fine thing. I am for all-out production.

Mr. BARDEN. The gentleman is for everything in it.

Mr. PATMAN. I am for uninterrupted production. I want to put something in this bill that will give us uninterrupted production for national defense, and I think this is one of the best provisions in the bill.

Mr. BARDEN. I understand the gentleman is against sin; but this is not the way to stop it.

Mr. PATMAN. And I hope it remains in the bill. If you have a separate agency, there is no coordination in trying to have price and wage stabilization. This is tying it in with these war boards.

Mr. BARDEN. Anything that is as important and as wide-reaching as the gentleman says this is, labor should have been given some consideration in it, and there has not been a single one of them approached.

Mr. PATMAN. I think it is a good provision according to its own language. I hope it stays in.

(Mr. BIEMILLER asked and was given permission to revise and extend his remarks.)

Mr. BIEMILLER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think the gentleman from Texas was quite correct in his presentation of the case against the Barden amendment. It is going to be necessary, if we get into a critical national defense situation, to have coordination of the various sections of this bill.

What this section does, in effect, is give the President authority to set up a body comparable to the War Labor Board of World War II. That board rendered yeoman service to the people of this country. It did keep strikes at an irreducible minimum, and that is exactly what we want to have accomplished, if it is necessary, by using this section. I do not understand on what basis the gentleman from North Carolina has suddenly become worried about the interests of the labor movement under this section. I have discussed this section with labor leaders during the last 24 hours and I have not found a single one who is opposed to this section. They spoke from their background of experience during the war. They know that it is necessary to have an agency other than the National Labor Relations Board or the Mediation Service to accomplish the settlement of disputes during wartime. The normal machinery does not work in war situations—that point we must understand. Neither the Taft-Hartley Act nor the Conciliation and Mediation Service make available the kind of facilities which get labor and management to sit down across the conference table and work out the problems which will have been created if we put price control and wage stabilization into effect.

That is the problem. You need a different kind of machinery than you have today. The National Labor Relations Board is concerned with dealing with grievances of unions against employers, or employers against unions. It is not concerned with trying to coordinate the settlement of labor disputes with wage stabilization or price-control policy. The Mediation Service can only use its functions in trying to get parties together who are apart. It has nothing to do with price control or wage stabilization. And it cannot enter any dispute unless it is invited in by one of the parties to the controversy.

Mr. McCONNELL. Mr. Chairman, will the gentleman yield?

Mr. BIEMILLER. I yield to the gentleman from Pennsylvania.

Mr. McCONNELL. Then, as I understand it, the purpose of this title is to go beyond the Taft-Hartley Act and to not only provide for the appointment of extra boards but also to enable extreme actions to settle strikes never intended when the Taft-Hartley Act was set up; is that correct?

Mr. BIEMILLER. My understanding of the section is, I repeat, to create, if necessary, an agency comparable to the War Labor Board, on which, as you all will recall, there were direct representatives of labor, management, and the public.

Mr. McCONNELL. But this act goes beyond that, beyond the right to set up additional boards and commissions. It says "to take such action as he deems appropriate." What would the gentleman visualize under that phrase?

Mr. BIEMILLER. The creation of an agency comparable to the War Labor Board, on the basis of our previous practical experience, composed of representatives of labor and management and the public, to work out a policy similar to that utilized during World War II—a policy which was accepted by labor and management.

The National War Labor Board and regional boards that were created were able in many instances to settle disputes that the Taft-Hartley law could not settle and that the Conciliation and Mediation Service could not settle. They did get people together. The prestige of the labor and management representatives who sat on that War Labor Board was primarily responsible for settling dispute after dispute.

I am talking now about something with which I had first-hand experience. I was in the War Production Board Labor Division and worked closely with the War Labor Board all through the war. I saw that as a result of this voluntary bringing together of labor and management and getting them to sit down and work out their policies on a sound, patriotic basis we did keep strikes at the lowest possible level during the war.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BIEMILLER. I yield to the gentleman from Texas.

Mr. PATMAN. Is it not a fact that this amendment is necessary, because we discovered in World War II that there was no coordination between the War Labor Board and a stabilization agency such as OPA? We realize that was a mistake during World War II, and this is to correct that mistake.

Mr. BIEMILLER. That is substantially correct. There were grave difficulties that developed during World War II because of the lack of coordination. As the gentleman from Texas says, this bill is an attempt to put the whole problem together and bring price control, wage stabilization, and settlement of labor disputes into close coordination.

Mr. McCONNELL. Mr. Chairman, will the gentleman yield?

Mr. BIEMILLER. I yield to the gentleman from Pennsylvania.

Mr. McCONNELL. Does it not seem only fair that if we are going to extremes beyond that provided under present statutes—extremes that we cannot even anticipate for certain at the moment that such a matter ought to be more thoroughly considered, and for that purpose should be referred to the proper standing committee of the House. That committee can speedily report a well-thought-out bill so that we can know definitely to what limits the President can go in extreme action against labor and management.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BIEMILLER. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BIEMILLER. Far be it from me to pass upon the prerogatives of standing committees of this House, I am convinced, partly on the basis of my own experience as special assistant to labor Vice Chairman of the War Production Board that we must have coordination between these proposed groups, that the whole matter should be handled in one bill, setting up various kinds of control techniques. You cannot separate continuous production and the need to keep labor disputes at a minimum from a wage stabilization and a price-control policy. If you do not, for example, roll prices back, you are not going to get wage stabilization without terrific uproar. Labor is patriotic and will cooperate, but American workers expect fair treatment and a voice in handling this question. All these questions are interrelated. You cannot talk about wage control without talking about price controls, and a stiff excess-profits tax. If we are to put ceilings on our economy, the ceilings must be the same height for everybody. And the War Labor Board is a necessary agency in maintaining the ceilings.

Mr. McCONNELL. Why do we not just set up a board, then, if that is the purpose of this section, rather than going to the extreme we go to here?

Mr. BIEMILLER. Because in the first place we do not know whether a board is going to be needed. I pray, as you do, that it will not be. Second, if a board is going to be set up and you are going to get the proper response from both management and labor, it should be set up as the War Labor Board was and as this bill provides, after consultation with labor and management representatives. We do not want the Government simply imposing on labor and management a ready-made scheme of things. We want to get the enthusiastic cooperation of both sides of the bargaining table, as we did have during World War II in almost every instance. That is all this does, is set up that machinery. Americans are free people and will respond to any emergency much better if they are consulted and given responsibility.

Mr. BARDEN. Mr. Chairman, will the gentleman yield?

Mr. BIEMILLER. I yield to the gentleman from North Carolina.

Mr. BARDEN. I believe this bill provides for the cooperation and the use of the various agencies of the Government in carrying it out. Is that not true?

Mr. BIEMILLER. Correct.

Mr. BARDEN. You have title 4, which deals with price and wage stabilization.

Mr. BIEMILLER. Correct.

Mr. BARDEN. We have on the statute books our Mediation Service. The only excuse in the world for that Service is to do the very thing the gentleman is saying is necessary, to get labor and management together, to mediate and arbitrate.

Mr. BIEMILLER. I must differ with my esteemed friend from North Carolina. Having been organizer for the Wisconsin State Federation of Labor at one time. I know something about the activities of the Conciliation Service. The Conciliation and Mediation Service deals only with a given controversy. This would be a board to deal, if necessary, with general policy and to prevent strikes in the national defense industries only. The Conciliation and Mediation Service is concerned with restaurant disputes, laundry disputes, and every other kind of small, technical dispute you might get.

Mr. BARDEN. If it is not restricted to a given situation, it means it can arouse disturbance and turmoil everywhere.

Mr. BIEMILLER. Not at all. My second point is this, that in the Conciliation and Mediation Service you do not have representatives of labor and management. That is what I think you need during a national defense situation, which is not normal. It is a critical problem. You cannot afford to have the luxury of disputes leading to strikes. That is what the War Labor Board prevented during the war.

Mr. BARDEN. The gentleman knows the Conciliation Service could not operate without labor and management cooperating with it. They are bound to have that cooperation.

Mr. BIEMILLER. But I am talking about sitting down together on the board and having a chance to work out policy problems day by day together as we did during World War II. We should not scrap the valuable lesson we learned—that real cooperation can be obtained and strikes and lockouts kept at a minimum if we consult with labor and management and give them responsibility for helping to maintain industrial peace.

Mr. Chairman, I hope the Barden amendment will be defeated.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of this amendment. I think the amendment should be adopted for the obvious reason that we are here dealing with certain production price-control and wage-control legislation. I do not think this is the time, without careful consideration certainly, to be undertaking to write new legislation dealing with labor-management relations.

The gentleman from Texas [Mr. PATMAN] disclaimed knowledge of the labor laws. He is, however, an able member of the Committee on Banking and Currency. But to my mind he kind of let the cat out of the bag in his explanation of what this section means. Of course, if he is correct in his explanation, then for the gentleman from Wisconsin [Mr. BIEMILLER] to be arguing so vigorously against the amendment certainly strikes me as a little strange.

The gentleman from Texas contends that this section is designed to bring about what? Uninterrupted production. Let us not get into a philosophical argument here as to whether or not in times of crisis like these we want to have strikes. Of course we do not. We do hope to have uninterrupted production—but in a free economy. If you absolutely assure by law uninterrupted production you can do nothing other than outlaw strikes.

I have heard a lot of talk here in recent years about slave-labor legislation. Never at any time has the Congress of the United States in peace or war undertaken to outlaw all strikes.

Mr. BIEMILLER. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. BIEMILLER. May I point out there is nothing that outlaws strikes. May I remind the gentleman that only 2 nights ago one of the outstanding labor leaders in America, George Meaney, secretary of the American Federation of Labor, said in the event of the continuance of the critical situation labor is quite ready to make a no-strike pledge. That, incidentally, was one of the principles set up by the War Labor Board.

Mr. HALLECK. But Mr. George Meaney will not say to you or to me, sir, that he is willing for the Congress of the United States to enact any legislation outlawing strikes. I do not know whether the gentleman from Texas [Mr. PATMAN] knows what he is talking about when he undertakes to explain this section, but I have been listening to some of the debate here and I am frank to confess I have not found anyone, either on or off the committee, who seems to know very much about what some of this language means. Let me just say to the gentleman from Wisconsin that I have not had any labor leader suggesting to me what their appraisal of this is. The gentleman says that he has had. But I can read the English language, and it says here:

> The President is authorized after consultation with labor and management—

Yes—consultation—but that does not mean you have to follow anybody's dictates—

> to establish such principles and procedures and to take such action * * * as he deems appropriate for the settlement of labor disputes affecting the national defense.

Now then, national defense is as broad as the economy of the country when you are in war. No one can deny that. So the President is authorized under this language, if he saw fit, to invoke the power of injunction or take any action which he deems appropriate for the settlement of labor disputes. That means, in the words of the gentleman from Texas [Mr. PATMAN] to require uninterrupted production. Why, to my mind, that would permit compulsory arbitration, which is anathema to organized labor. It would provide for the unlimited use of the injunctive power to settle labor disputes, and that again is anathema to organized labor.

Yes. I think it would legalize, by congressional action, in this particular language herein contained, the very thing that President Truman sought to do when he asked the Congress to grant him authority to draft the striking railroad workers into the Army.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. PATMAN. How can the gentleman make that argument when the language is so very plain? The intent is to have uninterrupted production for national defense.

Mr. HALLECK. I am making my argument out of the words that came from the mouth of the gentleman from Texas.

Mr. PATMAN. Read the language.

Mr. HALLECK. Yes. I have been reading the language. The gentleman from Wisconsin [Mr. BIEMILLER] said that the whole purpose is to set up a war labor board. If you read the language, that is a kind of incidental thing to the granting of the power to the President to take whatever action he wants, because it says, "including the designation of such persons, boards, or commissions."

The CHAIRMAN. The time of the gentleman from Indiana [Mr. HALLECK] has expired.

Mr. HALLECK. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HALLECK. I do not know how the President would use this authority. I know it is there. I know the power is there, and, as far as I am concerned, I do not believe this is the time to be writing this sort of legislation.

Prerogatives of committees? I recognize that many times we push that pretty far, and perhaps it is not so important; but, on the other hand, if you are dealing with a matter of such vital concern, not only to management and to men, but to the whole country and the national interest, at least there ought to be opportunity for testimony and evidence as to just what this section means. You did not have any explanation of that by the people who might be affected by it, in labor or industry, before the Committee on Banking and Currency, prior to bringing this proposal here. None at all. There is no emergency involved in this. So, certainly, this amendment should be supported and that title stricken out, and if something like this is required to be done we will get at it in due course and in the right way.

The CHAIRMAN. The time of the gentleman from Indiana has again expired.

Mr. HOLIFIELD. Mr. Chairman, I move to strike out the last five words.

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Chairman, earlier in the day a great many of us went along with the gentleman from Georgia [Mr. PACE] on an amendment which we thought was more than fair to the agricultural part of our Nation.

Now, here is an amendment striking out a title, to which I ask your indulgence in considering for just a few moments.

The following section has not been read; or at least, in the light of the argument just made by the gentleman from Indiana [Mr. HALLECK], it has not been considered. I would like the House to consider the following language, in the same section, 503, at the bottom of page 30:

In any action which may be taken pursuant to authority provided for in this title, due regard shall be given to terms and conditions of employment established by prevailing collective-bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this act. Any such action shall be consistent with the provisions of the Fair Labor Standards Act of 1938, as amended, and other Federal labor standards statutes and with other applicable laws.

Now, I ask the membership to consider that. Any action taken by the President has to be consistent with laws now on the books. It has to be for the purpose of continuing uninterrupted defense production. It is in the field of defense production. It is specialized. Is there anything unreasonable in this?

I come from a laboring district. I do not know whether labor wants this or not, and I do not care, but I think if it is good to take the boys over there to fight and die in Korea, it is also good to use every means possible, consistent with law, to maintain uninterrupted production in our defense plants. In the agricultural section we gave the President authority to make adjustments of the incentive production of certain types of agricultural products, in fact, all agricultural products, because we struck out the words "fresh fruits" and put in the words "agricultural products." We have given him some arbitrary authority there. Is he going to abuse it? He is going to exercise it in terms consistent with increased production, to make such financial adjustment to the farmer as necessary.

All we are trying to do here is to prevent emergencies in war industries, any industry that affects the national defense. I can remember the President brought in a law here, the amended Railroad Act, and I can remember that most of the Members of this House voted for it. That bill drafted railroad labor. It was far more drastic than title V of this bill.

This title is to set up a War Labor Board. The War Labor Board did not have authority to draft labor, and there is no labor law in the books under which he could draft labor and force them to work involuntarily, and yet have it consistent with the Federal statutes on labor, the Taft-Hartley and other acts. But we know that the Taft-Hartley Act cannot stop a strike, that after the final 90 days of labor freeze or strike freeze they are right back where they started, and can go right ahead and strike if they want to.

Mr. JACOBS. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. JACOBS. Again I wish to call the attention of the House to the fact that in section 502 the President is authorized after a consultation with labor and management—after consultation—then he is authorized to establish such principles and procedures, and to take such action as he deems appropriate. If that does not mean that the President can institute compulsory arbitration then I just do not understand the English language at all.

Mr. HOLIFIELD. I think if the gentleman will apply section 503 which states that his action shall be consistent with the principles of the Fair Labor Standards Act and other Federal labor standards statutes, he will realize that there is no law that provides for compulsory arbitration.

Mr. JACOBS. If the gentleman will permit, the difficulty that the House is in here today is that it shies away from facing the cold hard facts of the situation. The cold hard fact is that we are at war.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. JACOBS. Mr. Chairman, I ask unanimous consent that the gentleman from California may be allowed to proceed for one additional minute in order that I may finish my statement.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. JACOBS. A time may come when we have to have compulsory arbitration, because when people cannot get along and cannot do business, and business is vital to production, then we may have to have compulsory arbitration.

Mr. HOLIFIELD. I thank the gentleman. I hope he will just allow me to use the last 10 seconds of my minute. Those of us who are trying to deal with this problem of inflation must consider very seriously the provisions of this act and the limitations that are imposed therein.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. If I have any time remaining I shall be glad to yield to the gentleman from Indiana.

Mr. HALLECK. The gentleman has referred to section 503. I find these words in the last sentence: "other Federal labor standards statutes." I do not recall seeing the word "standards" used before.

Mr. HOLIFIELD. I call the gentleman's attention to the Walsh-Healey Act, for instance, and the Bacon-Davis Act.

Mr. HALLECK. Would that phrase include the Labor-Managament Relations Act as "standards" legislation? I do not think so.

Mr. WERDEL. Mr. Chairman, I move to strike out the last word.

(Mr. WERDEL asked and was given permission to revise and extend his remarks.)

Mr. WERDEL. Mr. Chairman, much has been said about the words in the last sentence to the effect that any such action the President may take shall be consistent with the provisions of the Fair Labor Standards Act and other Federal labor standards statutes and with other applicable laws. If we are considering the expressed limitation on the President's powers that they be consistent with existing laws, including the Labor-Management Relations Act, I call to your attention that the congressional intent in that regard has been discussed for years. Existing law defines what the powers of Government are that are consistent with the Labor-Management Relations Act. Any other governmental interference of any kind in labor-management relations is inconsistent with existing law.

So, what we have here, Mr. Chairman, is an expression of the same power that was given to Schickelgruber, that was given to everyone else who rode into office on a propaganda campaign supported by labor leaders and fundamentally against the interests of the individual working man. That is what we have here. We are delegating the power here for the first time in the United States which can say to labor leaders, even through their controlled press if you please, that they are acting contrary to the interests of the working man and do with those leaders what he will. That is the power that this bill is giving and it is giving it in wartime. It says that working men are not fit to be free.

The expression has been made here that normal machinery will not work. That expression was made by a man who admitted that he has been a labor organizer. I point out to you that in the immediate past, during the last war, through machinery set up for action through the President, perhaps the greatest organization campaign in the labor field was put on that was ever put on in any nation in the world. That organizing is almost complete, so far as the heavy industry is concerned, Mr. Chairman.

Now, we see the political pay-off. In the immediate past this administration has aided political labor bosses in bargaining across the auto industry, the steel industry, the coal industry, the electrical industry, the clothing industry, bargaining, if you please, not against the employer but across the whole industry and against the consumers of the country, 90 percent of whom are workingmen, the retired, aged, and the farmers.

We have reached the point, if this is the President's proposal, when he says he created something he cannot handle without more power. That is what this language means. It means this Congress for years now has shirked its responsibility as the representatives of free people, that responsibility being now to define equitable and moral rights that exist in a changing economy. That is our problem or organized labor is through by the admission of the President speaking through this language in title V.

Mr. Chairman, I am sure that the American public has been much impressed by the remarks already made by distinguished gentlemen from both sides of the aisle on the general subject now before the House. For a while, I was fearful that jockeying for political position would cause our statesmen, who should state the truth in this hour, to delay their actions. I believe this attitude is the only possible explanation of

the conflicting statements of our President made during the past few days when he presumably was fully advised of our current condition in defending individual freedom against Russian totalitarianism.

In the immediate future, the great free press of America will carry the story reminding the American people that practically every man in every seat in this great legislature believes the hour is near, and may be upon us, when we must make our greatest effort to continue our system of government. The American people must realize that we are a nation of 150,000,000, working 8 hours a day, 5 days per week. There are other free countries who will, to be sure, join us in our effort. However, we are separated by oceans, and they are weak. We are opposed by a nation of 190,000,000 people who are forced to work 12 hours a day, 7 days a week. Whereas we have been spending about one-seventh of the total production of our people on a budger for military defense, the total production of our opponent constitutes the budget of a totalitarian government directed to the destruction of our form of government and the Christian principles on which it is founded. Even before the last war, our opponent was a totalitarian government, using force and secret police and intrigue to bind together, through fear more than 175 distinct nationalities, speaking more than 119 different languages. There are least 70 languages used in the schools of Soviet Russia and throughout the country, and I am advised that they print their school books in at least five different alphabets.

During the past 10 years, our real opponent, through subversive activities, together with false and malicious materialistic propoganda, has infiltrated the governments of its small neighbors and through threat of military force from itself, has caused minorities to take over the governments of those neighbors. In keeping with the 100-year-old plan of attack against free christian countries, our opponent has at all times sought to force free governments, including ours, to make expenditures which would bankrupt free governments and provide the fertile soil for their philosophy. Our opponent uses these new satellites to create world disturbances in order to force our Government to make larger expenditures as a bulwark against its autocratic aggression and intrigue.

Under these circumstances, Mr. Chairman, I cannot help but wonder what action would be taken by our opponent if this Congress now extends our national deficit for this fiscal year to where it exceeds $15,000,000,000. My concern as to our opponent's future action is further aggravated by the fact that we are now considering the delegation of totalitarian powers upon our Executive. Should we commit our Government to additional war expenditures and assume that deficit and delegate totalitarian powers, who is to say that the most effective action of Russia against us would not be the immediate settlement of the Korean dispute and the aggravation of another such incident some place on the other side of the world?

Mr. Chairman, the remarks of Jacob A. Malik, as representative of Russia and Council President of the Security Council of the United Nations for the month of August, day before yesterday is only further evidence of our critical position. By fabricatoin, he wove from untruths and half truths, a deceptive pattern of demagogic propaganda against all free countries and in particular against the United States.

Mr. Chairman, we are presently fighting Russia. She has been fighting us since the day of birth of her present Government. It is incumbent upon our statesmen to tell the American people that. It will then be clear to the American people that the day-by-day expenditures of our Government for defense are for our defense against Russia and not against her satellites. Our people will then demand that our statesmen be forced to give them a statement of policy on far eastern and world affairs which will be definite and positive. A breach of such policy will cause the issues to be drawn between ourselves and our allies and our joint real opponent—materialistic, communistic Russia. Those issues must be drawn and settled at an early date, or our opponent's plan to have us destroy ourselves may be realized. Certainly, so long as the free nations of the world are forced to expend their effort and resources against satellites of our opponent, which satellites do not want to fight but are brought into war through bribery, falsehoods, and fear, can only weaken us. So long as we continue to take our opponent's bait on this subject, we are being foolish, and to me, such actions by our Government are good and convincing evidence that there are those in our State Department who have not thought these subjects through. They will lead us, 150,000,000 strong, working part time, against 190,000,000, working full time, plus 700,000,000 people in satellite countries, to be used as cannon fodder. They ask us to expend our efforts on the outside of the circle, transporting our men and materials to every point in the world, and fight a successful campaign. When our statesmen and Government do these things, they impliedly admit their own confusion and, of course, confuse the American people.

Within this session of Congress, our statemen have told the Congress that Korea was outside the perimeter of defense of this country. They have said that our troops should be withdrawn—they have said that Korea was not of strategic importance to this country in our effort ahead. Our top military men, including the Joint Chiefs of Staff, said last year that our position in Korea in the face of a Red China was untenable in an effort against communism. Our Chief of Staff, during the last war, Mr. Marshall, while Secretary of State 2 years ago, told a Senate committee that our military position in Korea was untenable.

Mr. Chairman, our opponent has been developing herself, planning her attack, producing and enmassing military material, training her armies ever since we disbanded our armies and put our materials in mothballs at the end of the last war. The hour is late. Regardless of what we decide in regard to the pending bill, we must have a policy expressed by our President and our State Department. It must be a definite policy for ourselves and other free countries. When that policy is in existence, the American people will accept the delegation of totalitarian powers to our Executive, with the firm belief that their freedom will be recovered when the crisis is over.

Mr. Chairman, Washington, with or without the delegation of the powers proposed in the pending legislation, cannot win the war even against Korea. If we are to win, we must have the confidence of the American people from the East, North, South, and West. There must be an end to special privilege logrolling as occurred on the cotton bill passed by this House last Monday. We are outnumbered in this fight and we cannot win the war by farming marginal land. There will never be a confidence in this administration so long as it caters to pressure groups for its political existence. The tolerance of this administration for lawlessness and uncontrolled violence by certain labor bosses will not give us the national confidence necessary to win in an all-out effort against our opponent. Industry-wide strikes and patterned bargaining across industry is no longer a strike against employers, but even the most poorly informed realizes that it is a strike against consumers, 90 percent of which are either workingmen, farmers, or retired aged.

It is firm conviction that if the American people are to make the effort that will be necessary, two things must be done at the earliest possible date: First, they must be frankly told that the effort must be made, that they must pull in their belts, work long hours and expect an end to the political bribery program that has been used to maintain politicians in power through pressure-group activities: Second, they must be told by some person whom they respect as a statesman that if men are to remain free, their rights as individual must be defined by laws enforcible in courts in their local communities, and that the continual growth of Government by Executive decrees will destroy their liberties and give them the totalitarian government which they are now asked to supply sons, husbands, and money to fight. They must be told that either the party in power or the opposition Republican Party will at the next election define the difference between coveting your neighbor's goods as an individual and doing it collectively in groups called unions or political parties; that a definition will be made on domestic issues which reasonably defines the difference between stealing your neighbor's goods and doing it with economic force through collective action. Our people must be told that freedom, as we know it, is a matter of Government by laws and not one of political bribery through Executive decrees. Yes, it must be admitted to them that the attitude of this Government toward a welfare state has placed it in such a position that neither domestically nor in foreign policy can it

draw the issues with Russia for freemen because the policy that keeps this administration in power is on the same road as that of our opponents, Russia, which will at all times out-promise us both at home and abroad.

In closing, Mr. Chairman, I want to say that I am well aware that there are many of our young men in serious condition in Korea and more on their way. I hope that the bill which has been brought out of committee without hearings is one that I will find myself able to support in the interest of those boys. However, the bill offered by the majority party, which will undoubtedly pass, must supply a method to regain to Congress and the people the powers delegated to the President if I am to support it. I would prefer that regular annual action by the Congress to reestablish the delegated powers were required by the bill instead of a delegation of powers for the duration of an emergency that a power-hungry Executive, whoever he might be, can continue and keep in existence.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on the Spence substitute and all amendments thereto close at 4 o'clock, the last 5 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. COOLEY. I object, Mr. Chairman.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on the Spence substitute and all amendments thereto close at 4:30.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. FULTON. I object, Mr. Chairman.

Mr. SPENCE. Mr. Chairman, I move that all debate on the Spence substitute and all amendments thereto close at 4 o'clock.

The CHAIRMAN. The question is on the motion.

The question was taken; and on a division (demanded by Mr. SPENCE) there were—ayes 66, noes 126.

So the motion was rejected.

Mr. SHELLEY. Mr. Chairman, I move to strike out the last word.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. SHELLEY. I yield to the gentleman from Kentucky.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on the Barden amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SHELLEY. Mr. Chairman, there has been a great deal of discussion about the Barden amendment to H. R. 9314, the effect of which would be to strike out title 5 of the bill, now under consideration as a substitute for the Defense Production Act. I am certainly far from being an authority on labor legislation. I have had no part in the writing of any national labor legislation, but I have played a very small part in some labor relations. On hearing the question which was raised yesterday by the very able chairman of the Committee on Education and Labor, I wondered, too, just where the section which is known as title 5 came from. There was also a question in my mind regarding the origin of some of the provisions of title 4, particularly in setting up the dates therein, because I recognized a difference in approach from that which was made in the Executive orders which set up the War Labor Board and established the freeze on wages and salaries, with provisions for adjustment of inequities, in early 1942.

With those questions in mind I made inquiry of President William F. Green, of the American Federation of Labor, and of Mr. Phil Murray, president of the CIO, as well as representatives of the railroad brotherhoods. While I could not reach Mr. Murray personally, I talked to his staff and those who were authorized to speak for him.

President Green made a statement to me, and authorized me to repeat it on the floor. I may say that the representatives of the CIO expressed practically the same thoughts. President Green's statement was that, while the American Federation of Labor basically and traditionally resents and has resisted legislation which would suspend collective bargaining, in World War II they agreed, in the interests of national defense and the national welfare, to the setting up of a War Labor Board. That in the light of what they consider today to be a world-wide situation which threatens to permanently destroy their very right to exist as labor movements—their very right to continue to bargain collectively—and which is certainly a very imminent and dire threat to that democracy in which we pride ourselves, they subscribe wholeheartedly to the enactment of provisions for wage stabilization, price controls, and excess-profits taxes. They had been consulted about the general principles included in this bill, and are in support of the Spence substitute.

I then inquired about some of the provisions of title 5. Labor's answer to the objection to the broad powers to negotiate settlement of labor disputes in national-defense industries, which this bill gives the President, is in somewhat startling contrast to the statements made on the floor of the House yesterday and today by some of the new found champions of labor and its rights. Labor, as President Green stated, is basically opposed to legislation curtailing the right to bargain collectively. But men who have spent their lives in the labor movement fighting to protect that right are willing to accept now, as apparently certain other groups in our economic society are not, the fact that we are now engaged in a fight to preserve the priceless democratic way of life. They are willing to place above group interests the paramount interest of the greater good. Labor's leaders recognize the fact that under these powers delegated to the President situations may develop which will not work to labor's benefit. But they are willing to take the gamble, with full recognition of what they may have to sacrifice, in view of the greater loss we will all sustain if our economy is not geared and prepared for any situation and any emergency which may arise.

So that the gentlemen and gentlewomen of the House may understand with what authority I make the statements I have made, and will make, during the course of these remarks, and because I have largely refrained from taking the floor since my advent here, I will give you just a little personal history, and I ask that you excuse my indulgence in it.

For some 14 years I was president of the San Francisco Labor Council. I served 8 years in the California State Senate, where I was the Democratic floor leader, and where I served with many other Members of this House from California. I think I acquired some small reputation as a reasonable person in adjusting labor disputes. At the present time I am still serving, or still nominally hold the office of president of the California State Federation of Labor, which I will continue to hold until the election in a month or two. I will not run for reelection to that office.

I have sat in any number of negotiations and have appeared before various boards, before the Conciliation Service, and before the National Labor Relations Board when it functioned under the provisions of the Wagner Act and since it has functioned under the provisions of the Taft-Hartley law. In the light of these experiences I want to point out to the Members the deficiencies of present legislation insofar as emergency settlements of labor-management disputes are concerned.

The statute setting up the Federal Mediation and Conciliation Service not only does not permit, but specifically prohibits, that Service from injecting itself into any threatened or current labor dispute unless it is requested to come in by one of the parties to the dispute. I have personally seen many situations develop where both parties were reluctant to ask the Conciliation Service to come in, simply because they might lose face, lose their personal standing, or injure their bargaining position. Because of the fact that a Government agency which has done the very fine job the Conciliation Service has done through the years was prohibited from moving in, avertable strikes may have been encouraged and very serious results brought about thereby.

Under the Taft-Hartley law, as under the Wagner Act, there is no provision whereby the National Labor Relations Board, or its general counsel, can step in and mediate or conciliate a dispute. The Taft-Hartley law provides for the certification of unions for the purpose of collective bargaining. It sets up certain rules for negotiating of contracts and agreements. It authorizes the Board to make determinations that unfair labor practices exist and gives the Board the power to obtain injunctions against a strike on the basis of an unfair labor practice. It gives the Board the power to seek an injunction against a strike

which seriously threatens or endangers the national welfare. But the Taft-Hartley law, in spite of the beliefs of some of those who voted for its enactment, is not all-embracing. It cannot force a negotiated settlement of a labor-management dispute. Many industries have been declared not to be subject to the provisions of the law and not under the jurisdiction of the Board. Many of these industries are of vital importance to the defense effort.

One of these industries is the hotel and restaurant industry. Let me cite a personal experience in that regard which had some bearing on the defense of the Nation in a previous period of national emergency. A widespread strike occurred in the San Francisco hotels in the late summer of 1941. At the time of the bombing of Pearl Harbor on December 7, 1941, the strike was still on. The parties to the dispute were not meeting to negotiate a settlement, and a meeting could not be arranged. In that emergency situation I flew back here to Washington. I had a meeting with the late President, Franklin D. Roosevelt. I had conferences with the people on the War Labor Board. As a result of those meetings and conferences the powers of the Board were broadened by executive action to give it jurisdiction over the dispute and strike in the hotels. To realize the necessity for such action you must recognize that San Francisco was the major port of embarkation and supply base for the entire Pacific area. Any strike which closed down all the major hotels and hotel dining rooms had, if not a direct, certainly an important indirect bearing on the national defense program in the Pacific theater. After the President's action the strikers returned to work and a settlement was arrived at through hearings before the War Labor Board.

But under then existing law, and under present law, there was, and is not today, any machinery for adjudication of such a situation. I say to those gentlemen who keep mentioning the Conciliation Service and the National Labor Relations Board that something further is needed. In 1940 and 1941 the Congress passed no specific legislation creating a War Labor Board. Broad Executive powers were granted to the President by virtue of which he subsequently issued an Executive order setting up the Board. The War Labor Board was not the subject of congressional action until the passage of the Smith-Connally Act of 1943 which broadened its powers. Such a Board will be needed again. We should provide the President with the power to create it when the emergency situation demands it.

Gentlemen and gentlewomen, labor relations at the collective-bargaining-table level are not cold and predictable things. They are highly charged emotionally on both sides of the table. Under those conditions actions may be taken which, if not controlled by less personally involved authority in time of emergency, might lead to disastrous consequences. The able gentleman from Texas [Mr. PATMAN] said earlier today that he did not like strikes in defense plants. With my background I do not like strikes at any time, and I think that the time to obviate and eliminate strikes in time of emergency, as well as at any time, is in discussion before the strike takes place. This bill will provide the machinery now lacking to insure that such discussion takes place. Labor may be gambling by accepting such a provision, but it is a gamble which we must take. The other side of the collective-bargaining table should realize that more is at stake than the immediate issues of a dispute and take the gamble too.

We have heard it stated during the course of debate both yesterday and today that it was suspected that title 5 was inserted in the Spence bill as a device designed to subvert the intent of the Taft-Hartley law and to take our labor relations out from under its jurisdiction. The language of title 5 is clear on this point. May I quote section 503 of the bill in referring to the President's action under the powers granted him? "Any such action shall be consistent with the provisions of the Fair Labor Standards Act of 1938, as amended, and other Federal labor-standards statutes and applicable laws." There is no question but that the Taft-Hartley law is one of these applicable laws. The point has been raised that the term "consistent with" is not explicit enough. Gentlemen and gentlewomen, in my book an action is either consistent with or it is inconsistent. The difference is as the difference between black and white. The terms are futually contradictory and mutually exclusive. Let us accept the fact that this bill was written only with the interests of the country in this emergency situation at heart, and with no nefarious intent to do through it things which perhaps should have been done long ago, but which Congress to date has not seen fit to do.

We are all familiar with the oft-quoted expression that "Eternal vigilance is the price of liberty." Let us not be deluded into thinking that it is the only price. We must pay also in terms of sacrifice. For some it is the personal sacrifice of life. To measure up to their sacrifice the least we, as individuals or groups, can do is give up, temporarily at least, some of our rights and privileges so that in the long run we may preserve those greater rights and privileges which go to make up the term "liberty."

(Mr. SHELLEY asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, there seems to be great contrariety of opinion as to what is the purpose of this provision. I feel it is to establish boards and commissions to be set up by the President, which boards and commissions would consider the questions involved, and then the President, after they considered the questions and made their findings would take appropriate action. I think the appropriate action referred to is the action which would be recommended by the boards and commissions. It is in the nature of a War Labor Board.

The setting of prices is a simple matter. But there is a human equation in the settling of labor disputes. A man who works with his hands and has nothing to sell but his labor has certainly a deep interest in the proper settlement of labor disputes. The relationship of management and labor is important, because when labor is working together with management it means more production. There is a rolling-mill and a steel plant in my own district. Whenever that mill was about to close down because it could not get pig iron to make its steel, I never saw the managers of the mill but it was the men who came here and asked me to see the Reconstruction Finance Corporation and see if they could not get some pig iron because they wanted the mill to continue.

That is the spirit which is necessary if we are going to have the real American spirit in production. I do not think the President is going to outlaw strikes under this provision. I do not think that was intended at all. And if that should be, then it does not conform to the fundamental purposes for which this section has been placed in the bill. It is, under the circumstances, a reasonable section. We are not at war, or at least we are not in a world war at the present time. But we have plenty of trouble on our hands. I think labor must give, as all of us must give, to see success come to our arms.

We have heard things in the last few days that we have not heard in a century. We have heard that our Armed Forces are moving back before the enemy. I have heard it said that we are at the last ditch and that we must stand there. I am not in favor of standing there. If it is necessary to move out, then we had better move out, because we do not want to see our boys killed uselessly on that front.

Mr. Chairman, what we are doing now is trying to establish a relationship between capital and labor which means more production and better relationships and more patriotic spirit. I think this will subserve that purpose. I cannot see any objection to it. There has been a great deal of talk about the invasion of jurisdiction of committees. This is no time for jealousy. We did not want this jurisdiction. You know the Committee on Banking and Currency does not have to advertise for business. We have more than we need. We did not want this jurisdiction. We did not go after it, but under the parliamentary law the predominant subject is what determines jurisdiction, and the jurisdiction was given to us by the Speaker, advised by the wise parliamentarian who always has good reasons for his judgments.

So it came to us and we had to take it in its entirety. If you attempted to divide the thing and give fragmentary jurisdiction to the several committees, you would never have any bills properly considered or adequate for their purpose. So we had to take the bill. The paternity of the bill does not make any

difference. It is the merit of the bill which we submit to you.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from North Carolina [Mr. BARDEN].

The question was taken; and on a division (demanded by Mr. SPENCE) there were—ayes 150, noes 75.

Mr. SPENCE. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. SPENCE and Mr. BARDEN.

The Committee again divided; and the tellers reported that there were—ayes 166, noes 83.

So the amendment was agreed to.

Mr. SPENCE. Mr. Chairman, there are some perfecting and correcting committee amendments on the desk which I think might be taken up at this time. I am sure there is no objection to them.

Mr. WOLCOTT. Mr. Chairman, reserving the right to object, I assume that during the afternoon there will be some limitation of debate upon the amendments which are not considered as perfecting amendments, and it would seem to me to be the best practice to reserve the perfecting amendments that apparently are going to be noncontroversial until we have exhausted debate on the controversial features of the bill.

The CHAIRMAN. The time of offering the committee amendments is within control of the gentleman from Kentucky.

Mr. SPENCE. I understand it will take only a minute or two to consider them, and I thought it might be pleasant to get into something that was not controversial for a little while.

Mr. WOLCOTT. It might not develop into a pleasant situation.

Mr. SPENCE. Mr. Chairman, I ask that the amendments be read.

Mr. WOLCOTT. Mr. Chairman, a parliamentary inquiry.

Mr. CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. Mr. Chairman, is the gentleman offering them en bloc?

Mr. SPENCE. Yes; I offer them en bloc. They are to correct language in the bill.

The CHAIRMAN. The Clerk will report the amendments.

Amendments offered by Mr. SPENCE of Kentucky. Page 15, line 21, strike "1942" and insert: "1947."

Page 28, strike the sentence beginning on line 17 and ending on line 2, page 29.

Page 29, line 4, strike out "and no such suspension shall confer" and insert in lieu thereof "regulation, order or requirement."

Page 31, line 22, insert at the beginning of such line the following: "hereto and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this subtitle or to prevent evasion thereof. In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider among factors."

Page 36, line 5, strike out "402" and insert: "602."

The CHAIRMAN. The question is on the amendments offered by the gentleman from Kentucky.

The amendments were agreed to.

Mr. O'HARA of Illinois. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'HARA of Illinois: On page 39, after line 14, insert the following new title:

"TITLE VII—RENT CONTROL

"SEC. 501. Section 4 (c) of the Housing and Rent Act of 1947, as amended, is amended by striking out 'June 30, 1951' and inserting in lieu thereof, 'June 30, 1952, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate'.

"SEC. 502. Section 202 (c) of the Housing and Rent Act of 1947, as amended, is amended by inserting immediately following the words 'except that it does not include' the words 'the following housing accommodations unless and until maximum rents are established or reestablished for such housing accommodations in accordance with section 204 (i) (3) of this title—'

"SEC. 503. Section 202 (d) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

" 'The term "defense-rental area" means any part of an area designated under the provisions of the Emergency Price Control Act of 1942, as amended.'

"SEC. 504. Section 204 of the Housing and Rent Act of 1947, as amended, is amended by striking out subsection (j) thereof.

"SEC. 505. Section 204 (a) of the Housing and Rent Act of 1947, as amended, is amended by striking out 'June 30, 1951' and inserting in lieu thereof 'June 30, 1952, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate.'

"SEC. 506. Section 204 (f) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

" 'The provisions of this title shall cease to be in effect at the close of June 30, 1952, or upon the date of a proclamation by the President, or upon the date specified in a concurrent resolution by the two Houses of the Congress, declaring that the further continuance of the authority granted by this title is not necessary because of the existence of an emergency, whichever date is the earlier; except that as to rights or liabilities incurred prior to such termination date, the provisions of this title and regulations, orders, and requirements thereunder shall be treated as still remaining in force for the purpose of sustaining any proper suit or action with respect to any such right or liability.'

"SEC. 507. Section 204 (h) of the Housing and Rent Act of 1947, as amended, is amended by inserting immediately preceding the first word thereof the following: 'Except as hereinafter provided in section 204 (i) of this title.'

"SEC. 508. Section 204 (i) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

" '(1) Whenever a local advisory board in any defense-rental area in which maximum rents were never regulated under the Emergency Price Control Act of 1942, as amended, after having determined, with respect to the area over which it has jurisdiction or any portion thereof, either that (A) a scarcity of rental housing has developed as a result of national defense activity, or (B) employment or other conditions have changed to such an extent as to make the supply of rental housing inadequate to meet the demand, or (C) rents have increased or are about to increase unreasonably, recommends that such action is necessary or appropriate in order to effectuate the purposes of this title, or to promote national defense, the Housing Expediter, if such recommendation is appropriately substantiated, shall by regulation or order establish such maximum rent or maximum rents for any housing accommodations in such area or portion thereof as in his judgment will be fair and equitable.

" '(2) Whenever a local advisory board in any defense-rental area in which housing accommodations were or hereafter are decontrolled under the Emergency Price Control Act of 1942, as amended, or under this title, after having determined with respect to the area over which it has jurisdiction, or any portion thereof, either that (A) a scarcity of rental housing has developed as a result of national-defense activity, or (B) employment or other conditions have changed to such an extent as to make the supply of rental housing inadequate to meet the demand, or (C) rents have increased or are about to increase unreasonably, recommends that such action is necessary or appropriate in order to effectuate the purposes of this title, or to promote national defense, the Housing Expediter, if such recommendation is appropriately substantiated, shall by regulation or order reestablish maximum rents for any or all such housing accommodations in such area or portion thereof.

" '(3) The Housing Expediter, upon recommendation of a local advisory board, or upon his own initiative, whenever in his judgment such action is necessary or proper in order to effectuate the purposes of this title or to promote national defense, may by regulation or order establish or reestablish maximum rents for any or all housing accommodations in any defense-rental area.

" '(4) In the case of housing accommodations for which a maximum rent is reestablished pursuant to paragraph (2) or (3) of this subsection, the maximum rent shall be the maximum rent last in effect for such housing accommodations under Federal rent control, plus or minus applicable adjustments; or, if no maximum rent was ever in effect for such housing accommodations, the maximum rent shall be the rent generally prevailing for comparable controlled housing accommodations within such area, plus or minus applicable adjustments.

" '(5) In establishing any maximum rent for any housing accommodations pursuant to paragraph (1) or (3) of this subsection, in any defense-rental area or portion thereof in which maximum rents were never regulated under the Emergency Price Control Act of 1942, as amended, the Housing Expediter shall give due consideration to the rents prevailing in such housing accommodations or comparable housing accommodations on such date as he deems appropriate, not earlier than March 30, 1949, and he shall make adjustment for such relevant factors as he shall determine and deem to be of general applicability in respect of such accommodations, including increases or decreases in property taxes and other costs within such defense-rental area.'

"SEC. 509. Section 206 (c) of the Housing and Rent Act of 1947, as amended, is amended to read as follows:

" 'Any person who willfully violates any provision of this act, or any regulation or order issued thereunder, and any person who makes any statement or entry false in any material respect in any document or report required to be kept or filed under this act, shall, upon conviction thereof, be subject to a fine of not more than $5,000 or to imprisonment for not more than 1 year, or to both such fine and imprisonment. Whenever the Housing Expediter has reason to believe that any person is liable for punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought. The district courts shall have jurisdiction of criminal proceedings for violation of this act, or any regulation or order issued thereunder, and concurrently with State and Territorial courts, of all other proceedings under section 205 and subsection (b) of this section. Such criminal proceed-

ings may be brought in any district in which any part of any act or transaction constituting the violation occurred. Such other proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred, or may be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. Any such court shall advance on the docket and expedite the disposition of any criminal or other proceedings brought before it under this section. No costs shall be assessed against the Housing Expediter or the United States Government in any proceeding under this act.'

"SEC. 510. All amendments to the Housing and Rent Act of 1947, as provided for in this title, shall become effective on July 1, 1951: *Provided,* That at any time prior to July 1, 1951, the President shall have the authority to make any or all of such amendments effective whenever he shall find it necessary or appropriate to carry out the purposes of this act."

Renumber title V to read title VI and renumber sections 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, and 513 to read sections 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, and 613, respectively.

Amend the title to read as follows: "A bill to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, provide for price and wage stabilization, provide for the settlement of labor disputes, strengthen controls over credit, regulate speculation on commodity exchanges, strengthen rent controls, and by these measures facilitate the production of goods and services necessary for the national security."

Mr. WOLCOTT. Mr. Chairman, I make a point of order against the amendment that it is not germane to the subject matter of the bill.

Mr. O'HARA of Illinois. Will the gentleman reserve his point of order until after discussion?

Mr. WOLCOTT. I assume the Chair will recognize the gentleman on his point of order.

The CHAIRMAN. The gentleman makes a point of order or reserves a point of order?

Mr. WOLCOTT. Mr. Chairman, I make a point of order.

The CHAIRMAN. Does the gentleman from Illinois [Mr. O'HARA] desire to be heard on the point of order?

Mr. O'HARA of Illinois. Mr. Chairman, this is a bill of controls. Certainly nothing could be more germane to such a bill than control over the prices that people can charge for housing. I may say that the amendment I have offered strikes at the very heart and soul of control.

I respectfully suggest, Mr. Chairman, that my amendment is germane.

The CHAIRMAN. The Chair has considered the amendment rather briefly. It seems to relate to a subject that is nowhere touched on in this present bill now before the Committee.

The Chair is constrained to rule, however desirable the legislation might be, that the amendment is not germane to the pending substitute; therefore sustains the point of order.

(Mr. O'HARA of Illinois asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. O'HARA of Illinois. Mr. Chairman, the rent control amendments I have offered as a new title VII are designed to provide stand-by authority to invoke full-scale rent control during the life of the Defense Production Act. The present rent-control law terminates on the last day of this year unless extended to June 30, 1951 by affirmative action of local governing bodies. The termination date of the controls established in the Spence amendment is June 30 of 1952. I think it must be perfectly plain to everyone that we must have stand-by authority to extend rent control over the gap between the two dates, provided there should prove to be the necessity for such extension. I emphasize that this is not in any sense an extension of rent control past the date set in existing law. It is merely a stand-by authority, a very necessary stand-by authority to be exercised only when the conditions of an emergency the depth and duration of which we do not know render the extension and the strengthening of rent control immediately demanded for national security.

I feel deeply and sincerely that to pass this measure without provision for continuing rent control, if necessary, would be to occasion all of us future embarrassment and regret. We are girding for a gigantic struggle. It may require our fullest strength and exact from all of us the utmost in sacrifice. Certainly I hope that it will not reach such proportions. But to rest the security of our country and the happiness of our people on a rose-bed of hope would be an avoidance of our responsibility as the law-makers of the Republic.

Let us be perfectly frank in admitting to ourselves that this bill as it now stands will affect the building of new homes. Its purpose is to channel material and men into production for defense. Until the emergency is over airships and the materials of war will have priority over homes. The people at home understand that perfectly well. You do not have to be a doctor of economics to know war and the conditions of girding for what might prove to be the most devastating war of all the centuries, must inevitably increase and not diminish the shortage in housing. It is reasonably to be expected that under the provisions of this bill and the demands of a fight for national survival—not that we wish it to be so, not that it will come to pass until the actual necessity is here—that material and labor now going into the construction of new homes will be diverted to the building of urgently necessary war material.

I submit, therefore, that to pass this bill without provision for stand-by authority in the matter of continuing rent control, to be exercised when and only when necessary, would be a crushing blow to millions of men and women in the family circles of America who are looking to us to protect them, as well as large business interests, and as best we can, from any suffering which foresight could prevent in the conditions of a great emergency certain at the best to demand from all of us a maximum of sacrifice.

Under the amendments offered by me the Housing and Rent Act of 1947, as amended, would be extended to June 30, 1952, or such earlier time as the President or the Congress might determine. The present rent legislation would be strengthened by the following amendments. These amendments would become effective on July 1, 1951, unless sooner invoked by the President.

First. The Housing Expediter is given authority to recontrol any areas, portions of areas or types of accommodations heretofore decontrolled where such recontrol is necessary in the interest of national defense. Where housing accommodations are recontrolled the maximum rents are the last rents under Federal rent control plus or minus applicable adjustments.

Second. The Housing Expediter is given authority in the interest of national defense to establish Federal rent control in any defense-rental area or portion thereof in which Federal rent control has never theretofore been established. Where such rents are established the Expediter is required to give due consideration to the rents for comparable accommodations on such date as he deems appropriate not earlier than March 30, 1949.

Third. Provisions of the present act providing for decontrol by local governing bodies or by States is eliminated.

Fourth. Provisions of the present act providing for the substitution of State controls for Federal controls is eliminated.

Fifth. Eliminates the necessity of municipalities to take affirmative action to continue Federal rent control after December 30, 1950.

Sixth. Provision is made for criminal penalties for any person who willfully violates the Federal law.

Seventh. Extends veterans' preference in sale and rental of new construction until June 30, 1952.

Mr. Chairman, I earnestly urge upon the committee the adoption of the amendments I have presented. As a member of the committee, the only member representing the great metropolis of Chicago, I am sure I speak with especial accuracy the sentiment of the men and women of the urban centers.

Mr. COOLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COOLEY: Page 37 line 1, of the Spence substitute, strike out subtitle B, section 611, in its entirety.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Chairman, I appreciate the fact that the hour is late, and I am somewhat reluctant to ask for this additional time, but I do so because of the importance of the matter which you are now requested to consider.

This matter has been before my committee for more than a year. I introduced a bill on May 16, 1949, at the request of the Secretary of Agriculture, one provision of which gave the Secretary of Agriculture the right to control margins on the commodity exchange. After this

matter had been brought to my attention by the Secretary of Agriculture, and after this bill had been introduced by me on the 16th of May, 1949, I appointed a subcommittee and that subcommittee has conducted hearings in New York, Chicago, Kansas City, New Orleans, and other places. The matter is now currently being considered by our committee. Because of its highly controversial character no action has been taken by our committee, but the particular phase of the bill which I introduced, which is carried forward in the bill now under consideration, is not only controversial but it is objectionable.

At a meeting of our committee this morning in an effort to ascertain the views of the House Committee on Agriculture, I took an informal poll of that committee, and I know that a majority of the Members of that committee are unalterably opposed to the provision which I am seeking to strike out of this bill.

To give you an idea about the delicate operation with which we are attempting to deal, I think that I may frankly say that the members of our committee know more about this particular subject than other Members of Congress, because we have made an extensive study of it. Even in May 1949, when we were far removed from the Korean incident, the Secretary of Agriculture asked for this power over the commodity exchanges of this Nation. He did that, you will recall, after certain fluctuations and gyrations on the commodity exchanges caused chills to run up and down our spines, and we thought any day we were heading into trouble. But, actually, the situation straightened itself out and all our fears subsided. The market leveled off and continued to operate in a normal fashion. It was at that time that the Secretary issued a statement to the effect that he intended to investigate market fluctuations.

We have investigated this matter; we have made a study of it; and after having given it careful consideration I know that the House Committee on Agriculture would not look with favor upon this particular provision. They have brought this up under the pretext that it is justified by reason of an emergency which is existing. They are asking for it now as a temporary power for about 2 years. If in the name of this emergency this power is conferred on the Secretary of Agriculture, I venture the assertion that it will never be taken away from him. This is a power which the Secretary of Agriculture has never had. Not even in World War II did Congress ever consider for 1 minute conferring upon the Secretary the power here granted.

I am not complaining about jurisdiction. I am not saying that all of the friends of the producers of agricultural commodities are members of the House Committee on Agriculture. I know the distinguished and able chairman of this committee [Mr. SPENCE] is just as good a friend of the farmers of his district and State and of this Nation as I am. But I do say that neither the gentleman from Kentucky [Mr. SPENCE] nor the members of his committee know what they are doing when they bring this bill before this House and ask us to confer upon the Secretary this unheard of power to regulate the commodity exchanges of this Nation.

The power here is unlimited and unrestricted to regulate as the Secretary deems proper the commodity exchanges of America, upon which businessmen operate, and of necessity operate, and on which the farmers of this Nation must trade. The power to regulate means the power to close up and to destroy a facility which we know is valuable in this economy of ours.

Certainly all of you will understand that it is not possible within the limited time of 10 minutes to discuss this subject thoroughly, which is jut a broad as the whole territory of this great Nation, but I want to call your attention to a few statements in the letter of the Secretary of Agriculture with reference to this matter.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. BROWN of Georgia. I am very much interested in what the gentleman is stating. I offered an amendment to the original bill which would make it not apply to bona fide hedging transactions. I thought that would cure the defect. But I did not know enough about it. I found out afterward that I should have offered an amendment to strike the whole section, because there you are going to tie up all commodities because you have to have some speculation in order to hedge. I found that out. I certainly hope the gentleman's amendment will be adopted.

Mr. COOLEY. I am delighted to have the gentleman support the amendment. I know the gentleman is interested in it.

To show you in what slipshod fashion this bill was put together, this provision put into the original bill which the Committee on Banking and Currency considered did not even attempt to protect bona fide hedging which, after all, is used as insurance by the processors of agricultural commodities to protect their own inventories, so that they may operate with some stability.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Pennsylvania.

Mr. BUCHANAN. There is language written into the committee bill as reported from the committee that protects the legitimate hedger.

Mr. COOLEY. I may be in error, but as the bill was introduced it was not in there. It was at our suggestion that the chairman of the committee and the members of the committee accepted it, and now bona fide hedging is protected. But how can you have bona fide hedging unless you have accompanying it a certain amount of bona fide speculation?

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Georgia.

Mr. PACE. I wonder if the gentleman wants to mention the fact that the Senate Committee on Banking and Currency, after a full hearing on this section, knocked it out by a vote of 10 to 1.

Mr. COOLEY. I think it is generally known that the Senate committee did not look with favor upon this very important provision which the committee has placed in here.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. What are you going to do about this speculation, then? Prices have gone up tremendously in the last 30 days. What is the gentleman's committee going to do to meet this situation in the emergency?

Mr. COOLEY. If I had the time to discuss this situation, I could discuss it, I think, to the gentleman's complete satisfaction. I have the record here which absolutely proves beyond any shadow of doubt that this Korean situation has not been responsible for the fluctuations on the commodity exchanges.

I do not have time to read the records, but the fluctuation on the cotton market followed the cotton report which indicated a very short crop for 1950. Here is the record, and I am sure you appreciate the fact that I do not have the time to read it. But there was less volume in trading in the market after the Korean situation than before the Korean situation, and less speculation on the cotton exchange subsequent to the Korean affair than there was prior to it. The gentleman knows very well, representing, as I do, a farming section and being interested in the welfare of agriculture, that I do not want to see wild and reckless speculation on our commodity exchanges.

But this is a self-regulated institution. I am surprise to see that some Members of Congress do not even know what we are talking about when we talk about margins.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. McCORMACK. On the New Orleans Cotton Exchange there is a reduction of 4.9 percent, but on the New York Cotton Exchange there was an increase of 9.3 percent. On wheat there is 78.6 percent increase. On soybean 28.4 percent. On corn 40.1 percent. On lard 98.2 percent. On eggs 128 percent.

Mr. COOLEY. The figures the gentleman is quoting are not prices but are the increase in trading which the Department of Agriculture reports has occurred on some of the commodity markets. I want to make it clear that they are not figures showing the increase in speculation. No one knows how much of this trading is speculation, but I am willing to admit that a considerable part of this trading does represent speculative transactions. Even so, if these figures prove anything at all, they prove the very opposite of the gentleman's contention—that there is a direct relationship between increased trading or speculation and an increase in prices. If the gentleman will examine the figures, put out by the Secretary of Agriculture in his report, he will notice that there is no relationship whatever be-

tween the increase in the volume of trading and the increase in price. The largest increase in volume of trading of the eight commodities listed by the Secretary is in eggs, an increase of 128 percent, but eggs increased in price only 5.4 percent, next to the smallest increase of any of the eight commodities listed by the Secretary. There was an increase of 78.6 percent in the volume of trading in wheat, but wheat increased only 6.6 percent in price. At the other end of the scale, there was an increase of only 9.3 percent in the volume of trading in cotton during this period, but the price of cotton increased 19.1 percent during this period.

At this point I will insert in the RECORD a table prepared from data submitted by the Commodity Exchange Authority of the Department of Agriculture, showing the increase in the volume of trading and the increase in price for eight commodities during the period prior to and immediately after the Korean incident. An examination of these figures indicates clearly that there is no relationship whatsoever between a high volume of trading and an increase in price. Where there has been a relatively small volume of trading the increase in price tends to be even larger than where there are many traders and much activity in the market.

	Volume of trade increase for June 26 to July 22 period over May 29 to June 24 period	Price increase as of July 28 compared to June 24 price
	Percent	*Percent*
Eggs	128.0	5.4
Lard	98.2	41.0
Wheat	78.6	6.6
Wool tops	44.1	15.8
Corn	40.1	5.0
Soybeans	28.4	25.7
Cottonseed oil	11.5	31.6
Cotton	9.3	19.1

There is only one commodity on which week to week figures of the amount of speculative trade as compared with the total volume of trade are available. That commodity is cotton, and I have here the complete record of trading on the New York Cotton Exchange for the past 2 years. It shows that in the week ending June 2, 1950, 3 weeks before Korea, the percentage of speculative trade on the New York Cotton Exchange was 20.2 percent. For the week ending June 23, 1950, 2 days before the Korean incident began, the volume of speculative trade on that exchange was 19.3 percent. In the week ending June 30, 1950, the week during which the Korean incident began, and in which its repercussions were felt in the United States, the volume of speculative trade on the New York Cotton Exchange dropped to 18.6 percent, and it has been in a steady decline since that time. In the most recent week for which figures are available, the week ending July 28, 1950, the volume of speculative trade on that exchange was down to 17.4 percent.

I think this indicates clearly that there is no relationship whatsoever between the volume of speculation, the increase in the price of cotton, and the emergency situation. This is further shown by looking at the data for the first month of 1949. For the first 4 weeks of 1949 the volume of speculative trading on the New York Cotton Exchange was 19.9 percent, 19.4 percent, 20.0 percent, and 19.5 percent. These figures demonstrate conclusively that there has been no excessive speculation in cotton. In fact they show that there has been less speculation than that which might be considered normal.

Reference has been made by a number of gentlemen to the price of various commodities. I have here data provided by the Bureau of Agricultural Economics, Department of Agriculture, which indicate that there have been no alarming price increases whatsoever in two of our most basic commodities, wheat and cotton, and the price fluctuations which have taken place have occurred not as a result of this emergency situation or of speculation, but as the result of the natural play of the laws of supply and demand, as indicated by the Department of Agriculture Crop Reports.

I submit tables showing wheat and cotton prices for the past 2 months. Referring to the wheat table, it will be noted that the cash price today, August 3, 1950, is 222.8 and the records of the Department of Agriculture indicate that this is almost exactly the cash price of wheat in January of this year, at which time it averaged 222.3 for the month.

Prices No. 2 hard winter wheat, Kansas City, Mo.

Week ending—	
June 3, 1950	225.1
June 10, 1950	219.9
June 17, 1950	215.2
June 24, 1950	213.1
July 1, 1950	216.6
July 8, 1950	219.5
July 15, 1950	219.0
July 22, 1950	226.5
Daily:	
July 17	221.6
July 18	221.7
July 19	223.8
July 20	225.5
July 21	231.0
July 22	230.5
July 24	225.0
July 25	229.0
July 26	228.2
July 27	225.0
July 28	221.5
July 29	219.8
July 31	218.5
Aug. 1	219.8
Aug. 2	222.0
Aug. 3	222.8

Cotton prices: Average 10 spot markets for 1⅛ Middling

Week ending—	*Cents*
June 3, 1950	33.70
June 10, 1950	33.82
June 17, 1950	33.84
June 24, 1950	33.73
July 1, 1950	33.62
July 8, 1950	34.23
July 15, 1950	36.72
July 22, 1950	37.93
July 29, 1950	38.70
Daily prices:	*Cents*
July 17, 1950	37.73
July 18, 1950	37.38
July 19, 1950	37.70
July 20, 1950	38.02
July 21, 1950	37.83
July 22 (Saturday).	
July 23 (Sunday).	
July 24, 1950	38.11
July 25, 1950	38.34
July 26, 1950	38.96
July 27, 1950	39.02
July 28, 1950	39.05
July 29 (Saturday).	
July 30 (Sunday).	
July 31, 1950	38.64
Aug. 1, 1950	38.22
Aug. 2, 1950	37.72
Aug. 3, 1950	37.49

Further reference to the week by week and day by day price of wheat shows that there was an increase of only 3½ cents in the price of wheat in the week immediately following the Korean incident. However, in the week following the release of the July 1, 1950, crop report of the Department of Agriculture, the week ending July 22, 1950, there was an increase of 7½ cents in the cash price of wheat. On July 21, 1950, the cash price of wheat reached 231 cents a bushel, but since that time it has dropped a little more than 8 cents a bushel.

The table of cotton prices shows that the price of cotton was relatively stable, ranging from 33 to 34 cents per pound, until the Department of Agriculture issued its report on the 1950 cotton acreage. That report showed that there were approximately 2,000,000 acres less cotton planted than had been anticipated under the acreage allotment. The result of that report, as indicated by the foregoing table, was an immediate increase in the price of cotton of almost 3 cents per pound. The price of cotton continued upward to 39 cents per pound on July 28, the date used by the Secretary in making most of his price comparsons. Since that date, however, the price of cotton has declined to 37.49 cents per pound, or about the same price that cotton was following the release of the acreage report.

Even with all of that price, wheat went down instead of going up, which proves that speculation which the gentleman is talking about does not influence the price level.

When you reduce the volume of speculation by the lifting of margins, you drive out of the market the little operator and you play into the hands of the big operator. When you reduce the volume of the little traders on the commodity exchanges, one single transaction may be of such magnitude that it might cause gyrations which otherwise would not occur.

Mr. McCORMACK. I would like to ask my friend to look into that because my record shows that wheat on June 23 and 24 was $2.16¾ per bushel, and on July 28 it was $2.31⅛ per bushel. That certainly is not going down.

Mr. COOLEY. The gentleman from Massachusetts is smart enough to know that if I employed my time in discussing these figures I have here, I would not

be able to get across my arguments in opposition to this section.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

Mr. MANSFIELD. Mr. Chairman, reserving the right to object, many of us have been on our feet all afternoon, and we would like to know if we are going to have a chance to offer our amendments which we think are just as important as those being presented now, and which also, I might add, are on the Clerk's desk. We did not just come into the Chamber, either.

Mr. Chairman, I withdraw my reservation of objection.

Mr. COOLEY. May I say to the gentleman that I did not just come in, either. I have been sitting here all day awaiting this opportunity.

Mr. FULTON. Mr. Chairman, reserving the right to object, will the gentleman permit questioning by Members from the floor at least for 1 minute of his time?

Mr. COOLEY. I have permitted questions for more than 1 minute on my time.

I yield to the gentleman now if he has a question.

Mr. FULTON. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Chairman, if you start out to say that we want to do away with excessive speculation, the question then comes up, what is excessive speculation? Who can determine what is excessive speculation? There is not an expert in America who can say that this is or this is not excessive speculation. It is difficult enough to tell even what speculation is in the first place. There is just one other point that I want to make. The Secretary of Agriculture himself, who is asking for these great powers and authority, recognizes the fact that you must have speculation. I only need to refer to his letter in which he uses this expression:

> The volume of speculation is definitely far beyond that needed for the purpose of facilitating actual marketing.

There you have a clear inference that we do need speculation because he says so and anyone who is familiar with the operations of the markets knows that that is true.

Then the Secretary says this:

> The most directly effective means of curbing war scare speculation—

And we have none of that now—

> short of closing the market is to increase the amount of margins which speculators must deposit.

There, Mr. Chairman, is a subtle threat in this communication that it might become necessary to close the commodity exchanges.

In the second paragraph of his letter he says:

> The purpose of this section 411 is to prevent excessive speculation in the commodity futures market during the current emergency.

Now I do not want to question his sincerity or the sincerity of his purpose and far be it from me to do that, but he requested this power long before we had an emergency. Why should he come and emphasize the emergency aspects now? But for the fact that he did ask for it in 1949, when we were at peace, or at least we thought we were at peace with the world—I would not even mention the fact that he is now putting such emphasis on the emergency.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. FULTON. Is not this whole provision predicated on the fact that the President must first determine the nature and extent of speculative trading on boards of trade and that it causes or threatens to cause unwarranted changes or unreasonable fluctuations? It does not operate unless he determines that first.

Mr. COOLEY. He delegates that authority to Secretary Brannan, and then Mr. Brannan delegates that authority to Mr. Mell, and Mr. Mell puts in an order which may interfere with the business operations of the ordinary American citizen. If he wanted this as a peacetime power—and he wants it now as a wartime power, once you give it to him you might as well abandon the commodity exchanges, which I believe operate usually in the interests of all the people of this country.

I ask that the amendment be adopted.

The CHAIRMAN. The time of the gentleman from North Carolina [Mr. COOLEY] has expired.

Mr. SPENCE. Mr. Chairman, I wonder if we cannot arrive at some arrangement to conclude debate on this amendment.

I ask unanimous consent that all debate on the Cooley amendment, and all amendments thereto, close at 4 o'clock, the last 5 minutes to be reserved for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. HOPE. Mr. Chairman, I object.

Mr. SPENCE. Mr. Chairman, I move that all debate on the Cooley amendment, and all amendments thereto, conclude at 4 o'clock, the last 5 minutes to be reserved to the committee.

The question was taken; and the Chair being in doubt, the Committee divided and there were—ayes 117, noes 41.

So the motion was agreed to.

The CHAIRMAN. Twenty-seven Members desire to be heard on this amendment in 24 minutes. The Chair will recognize the gentleman from Kansas [Mr. HOPE] for seven-eighths of 1 minute.

Mr. MARTIN of Massachusetts. Mr. Chairman, in view of the fact that the distinguished ranking minority member of the Committee on Agriculture has only seven-eighths of 1 minute, I yield my time to him.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

(By unanimous consent, Mr. KEATING, Mr. BROWN of Ohio, Mr. MORTON, Mr. BOGGS of Delaware, Mr. COLE of Kansas, Mr. GAMBLE, and Mr. WOLCOTT yielded their time to Mr. HOPE.)

The CHAIRMAN. The gentleman from Kansas [Mr. HOPE] is recognized for 8 minutes.

[Mr. HOPE addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. POLK].

(Mr. McCORMACK and Mr. HUBER asked and were given permission to yield the time allotted to them to Mr. POLK.)

Mr. POLK. Mr. Chairman, I arise in opposition to the amendment to strike the sections relating to commodity speculation from the bill. One of the purposes of H. R. 9314 is to control prices of commodities, and when this subject came up a few days ago, I asked Mr. J. M. Mehl, Administrator of the Commodity Exchange Authority, to supply me with information concerning the effect of commodity speculation on prices since the beginning of the Korean War.

Mr. Mehl's report states:

CURRENT SPECULATION IN COMMODITY FUTURES

INCREASE IN VOLUME

Since the outbreak of hostilities in Korea there have been substantial increases in speculation in most of the more important commodities in which there is futures trading. The volume of trading in a number of representative commodities increased during the 4 weeks after June 25 as compared with the 4 weeks prior to June 25 (table 1). The percentage change in trading on principal markets ranged from an increase of 128 percent in eggs to a decrease of 4.9 percent in cotton on the New Orleans Cotton Exchange. Cotton trading on the larger New York exchange showed an increase of 9.3 percent and a combination of the figures for the two exchanges gives an increase of 5.2 percent.

The figures relating to soybeans are particularly striking. Despite the fact that trading in this commodity had for some months been of an almost frenzied character, and at an extremely high level, it increased still further, to the extent of 28 percent, in the 4 weeks after the Reds attacked in Korea. It is significant to compare the 4-week volume of futures trading of 367,179,000 bushels with the total 1949 United States production of 222,000,000 bushels.

With increases in volume of 128 percent in eggs, 98.2 percent in lard, 78.6 percent in wheat and 44.1 percent in wool tops, the impact of war-scare speculation in commodities is apparent.

INCREASED VOLUME ACCOMPANIED BY PRICE ADVANCES

In the 5 weeks between June 25 and July 28 the commodity futures markets have not only shown general increases in speculation, but have also reflected substantial price advances. A comparison of the closing prices of the most active future of certain

of the more important commodities as of the last trading day before June 25 with the prices of the same futures as of July 28 is set forth in table 2.

For the 8 commodities shown the price advances during the 5 weeks ranged from 5 percent on corn to 41 percent on lard.

The war-sensitive character of the fats and oils, and the products from which they are derived, is reflected in the price advances of 41 percent on lard, 31.6 percent on cottonseed oil, and 25.7 percent on soybeans. In the textile field there were price advances of 19.1 percent in cotton and 15.8 percent in wool tops.

LOW MARGIN DEPOSITS REQUIRED FOR SPECULATION IN COMMODITY FUTURES

Unlike the security markets, in which the amount of margin or down payment required of speculators is fixed by the Federal Reserve Board, such requirements for commodities are established by the various exchanges on which the trading is done. Currently, in the more important commodities, the amount of margin required by exchange rules runs from 8 to 16 percent of the value, as against 50 percent on stocks. The requirements in effect, as of July 28, 1950, on the principal commodities and the comparison of the percentage requirements of July 28 with those of July 21 are set out below:

Commodity	Market	Contract	Price per contract	Margin per contract	Margin as percent of price	
					July 28	July 21
Wheat	Chicago	5,000 bushels	$11,356	$1,250	11.0	6.4
Corn	do	5,000 bushels	7,618	600	7.9	7.8
Soybeans	do	5,000 bushels	13,200	1,500	11.4	7.9
Cottonseed oil	New York	60,000 pounds	11,730	1,200	10.2	7.4
Lard	Chicago	40,000 pounds	6,220	800	12.9	7.1
Eggs	do	14,400 dozen	5,803	500	8.6	8.9
Wool tops	New York	5,000 pounds	11,525	1,000	8.7	8.9
Cotton	do	100 bales	19,415	3,000	15.5	10.7
Do	New Orleans	do	19,325	3,000	15.5	8.0
Cocoa [1]	New York	30,000 pounds	10,695	900	8.4	8.6
Coffee (S) [1]	do	32,500 pounds	17,290	2,000	11.6	12.1
Sugar (No. 6) [1]	do	112,000 pounds	6,339	400	6.3	7.1
Hides [1]	do	40,000 pounds	10,640	2,000	18.8	7.7
Rubber [1]	do	22,400 pounds	9,923	2,500	25.2	11.5
Onions [1]	Chicago	600 bags	1,038	300	28.9	29.2

[1] Commodities not included under the Commodity Exchange Act.

It will be noted that in the case of some of the commodities the percentage requirements on July 28 are higher than those shown for July 21. After the introduction on July 19 of the Defense Production Act of 1950, S. 3936 and H. R. 9176, a number of the commodity exchanges raised their margin rates. The changes and the effective dates thereof were as follows:

Commodity	Market	Margin requirement per contract		Date change became effective
		July 21, 1950	July 28, 1950	
Wheat	Chicago Board of Trade	$750	$1,250	July 28
Soybeans	do	1,000	1,500	Do.
Cottonseed oil	New York Produce Exchange	800	1,200	July 26
Lard	Chicago Board of Trade	400	800	July 28
Cotton	New York Cotton Exchange	2,000	3,000	July 27
Do	New Orleans Cotton Exchange	1,500	3,000	Do.
Hides	Commodity Exchange, Inc.	800	2,000	July 28
Rubber	do	900	2,500	Do.

In general, speculative margins established by the exchanges are applied only to "outside" traders. For example, members of the Chicago Board of Trade who execute their own transactions on the trading floor are not required by the rules to deposit speculative margins. Similarly members who clear their own speculative transactions through the clearinghouse of the exchange need deposit only the much lower clearing-house margin. A large proportion of the total speculative trading is done by exchange members who only the much lower clearinghouse margin requirements.

A speculator who purchased just before the Korean episode and deposited the minimum margin could have "cashed in" 5 weeks later on July 28 with an approximate 450 percent profit on lard, 300 percent on cottonseed oil, 300 percent on soybeans, 150 percent on cotton or wool tops, and a comparatively modest 100 percent on the relatively sluggish wheat futures.

FUTURES TRADING PREDOMINANTLY SPECULATIVE

The Commodity Exchange Authority has from time to time examined representative samples of the trading in futures on various markets to determine the proportion of such trading which is speculative as compared to that which is hedging.

Speculative trades are those not directly related to the marketing or processing of the actual commodity. The persons making such trades buy or sell in the hope of profiting by a rise or fall in prices. Examination of the records of the brokerage firms shows that by far the larger number of speculators are persons having no connection with or apparent knowledge of the commodities in which they trade. Professional men, small-business men, clerks, teachers, nurses, retired persons, and the like, typify the average commodity speculator.

Hedging trades are those made by merchandisers and processors as a means of protecting themselves against losses in the handling of the actual commodities. For example, a cotton merchant with a large stock of cotton in his warehouse will sell cotton futures in an amount equal to his inventory. Such a merchant is then "long" in actual cotton and "shorts" in futures. If in such a situation the price of both actual cotton and cotton futures declines, the loss which the merchant suffers on his inventory will be partially or completely offset by a profit on his "short" futures position.

The most recent information obtained by the Commodity Exchange Authority shows that by far the greater part of the trading taking place in some of the important commodity futures is speculative. The results of an analysis of the trading on July 21, 1950, in December wheat and November soybeans on the Chicago Board of Trade are as follows:

Commodity	Volume traded	Percentage			
		Speculative		Hedging	
		Purchases	Sales	Purchases	Sales
	Bushels				
Wheat	9,191,000	86.6	81.0	13.4	19.0
Soybeans	7,463,000	96.5	90.7	3.5	9.3

Earlier studies on this subject indicated that wheat futures trading on the Chicago Board of Trade on September 18, 19, and 20, 1947, was 80 percent to 90 percent speculative and that cotton futures trading on the New Orleans Cotton Exchange during the period of May 17–22, 1948, was approximately 95 percent speculative. Preliminary information from an analysis of the trading of July 26, 1950, in December cotton on the New York Cotton Exchange indicates that a larger proportion of this trading represents hedging than is the case in wheat and soybeans.

The proportion of speculation versus hedging discussed above is based primarily upon classification of the accounts by the brokerage firms through which the trading is done. More detailed investigation usually shows instances where accounts classified as those of hedgers contain speculative transactions. Thus it is likely that a greater proportion of the trading is actually speculative than is indicated by these figures.

TABLE 1.—*Volume of futures trading in the principal agricultural commodities during the 4-week period May 29 to June 24, 1950, compared with that during the 4-week period June 26 to July 22, 1950*

Commodity	Market	Volume		Percentage of increase (+) or decrease (−)
		May 29 to June 24	June 26 to July 22	
Wheat	Chicago Board of Trade	200,047,000 bushels	357,290,000 bushels	+78.6
Soybeans	do	285,947,000 bushels	367,179,000 bushels	+28.4
Corn	do	118,088,000 bushels	165,430,000 bushels	+40.1
Lard	do	185,600,000 pounds	367,800,000 pounds	+98.2
Cotton	New York Cotton Exchange	4,000,200 bales	4,371,500 bales	+9.3
Do	New Orleans Cotton Exchange	1,626,200 bales	1,546,100 bales	−4.9
Eggs	Chicago Mercantile Exchange	3,697 carlots [1]	8,431 carlots [1]	+128.0
Cottonseed oil	New York Produce Exchange	517,680,000 pounds	577,080,000 pounds	+11.5
Wool tops	Wool Associates of the New York Cotton Exchange	4,230,000 pounds	6,095,000 pounds	+44.1

[1] 14,400 dozen per car.

TABLE 2.—*Futures prices of principal agricultural commodities on last trading day before attack on Korea compared with prices on July 28, 1950*

Commodity	Future	Market	Prices		Percentage of increase
			June 23 or June 24, 1950	July 28, 1950	
Wheat	December	Chicago Board of Trade	$2.16¾ per bushel [2]	$2.31⅛ per bushel	6.6
Soybeans	November	do	$2.10 per bushel [2]	$2.64 per bushel	25.7
Corn	September	do	$1.45⅛ per bushel [2]	$1.52⅜ per bushel	5.0
Lard	September	do	$0.1105 per pound [1]	$0.15575 per pound	41.0
Cotton	December (1950)	New York Cotton Exchange	$0.3265 per pound [1]	$0.3888 per pound	19.1
Cottonseed oil	October	New York Produce Exchange	$0.1421 per pound [1]	$0.1870 per pound	31.6
Eggs	September	Chicago Mercantile Exchange	$0.3790 per dozen [1]	$0.3995 per dozen	5.4
Wool tops	October	Wool Associates of New York Cotton Exchange	$1.9900 per pound [1]	$2.305 per pound	15.8

[1] Closing price of June 23, 1950.
[2] Closing price of June 24, 1950.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(Mr. POLK asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

(Mr. JAVITS asked and was given permission to yield the time allotted him to Mr. FULTON.)

Mr. FULTON. Mr. Chairman, I am rising to speak for the consumers of the country. The average consumer wants every necessity controlled if one is controlled. I have not yet seen the reason why Congress, under present conditions, should not control speculation that is unwarranted or unreasonable upon the commodity exchanges when Congress is controlling all these other commodities, even to the value of services.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. We control speculation on the stock exchanges with reference to margins. Your commodity exchanges set their own margin rates.

Mr. FULTON. I agree thoroughly with the gentleman, that if these controls go into effect there should be no essential commodity, either labor or article, that is left out. It should be all-embracing, so that we get adequate controls.

It should be pointed out that section (5) (A) specifically states that—

Whenever the President determines that the nature or extent of speculative trading on board of trade causes or threatens to cause sudden or unreasonable fluctuations or unwarranted changes in the price of any commodity, he may prescribe rules and regulations.

Therefore, under this provision anyone who wants real control and wants to keep out unwarranted speculation should vote to defeat this amendment, because this bill states that the President acts and shall act only when there is unreasonable speculation.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from New York.

Mr. JAVITS. May I point out that this morning the very same group which is now fighting for this amendment, which should be defeated, was fighting to have the most favorable possible ceiling on their prices. I do not see how you can possibly square that with the American consumer.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Pennsylvania.

Mr. BUCHANAN. It is very clear from the letter of the Secretary of Agriculture to the chairman of the Committee on Banking and Currency when we amended the bill in the committee to provide for legitimate hedging that the language of the proposed paragraph section (5) (A) which would be added by section 611 of the bill indicates that the intent is to authorize the regulation of margin requirements on speculative trading only.

Mr. FULTON. That is entirely correct.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MULTER].

(By unanimous consent, Mr. DOLLINGER was given permission to yield to Mr. MULTER the time allotted to him.)

Mr. MULTER. Mr. Chairman, you do not have to be a farmer to try to understand this problem. Nor do you have to be an economist to understand it. It is a very simple one. All we are trying to do here is to control speculative operations on the commodity exchanges and that only by controlling margins. The stock exchanges did not go to pot and close up because the Federal Reserve Board has the right to limit margins. They have the right to say that there shall be no margin transactions on the stock exchange. For a long time during World War II we had no margin transactions. Then they allowed you to buy on 25-percent margin. Now they allow you to buy on 50-percent margin. They can go back to no margin and it will not affect the stock exchanges at all except to keep the gamblers out. That is what we

are trying to do here, to keep the gamblers out of the commodity market.

There is no reason why I or anybody else in this country, who is not a legitimate trader, should be able to go to any exchange and buy futures in commodities, or to buy foodstuffs or staples, and for $500 buy $5,800 worth of eggs, or for $1,000 buy $11,000 worth of wool tops, or for $3,000 buy $20,000 worth of cotton, or for $400 buy $6,300 worth of sugar, or for $2,000 buy $18,000 worth of coffee. When the time for delivery arrives he completes his purchase if the price has gone up. If it has gone down, he runs out on his contract. It is that kind of gambling we seek to stop by title VI. That is the only thing we are trying to control by this provision.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. DEANE].

Mr. DEANE. Mr. Chairman, this section of the bill gave many of us members of the Committee on Banking and Currency a great deal of concern. It was because of that and because of the fact that it appeared that this country wanted some kind of price and rationing control that I introduced a bill, 9280, to include all the features of the committee bill plus wage and price controls. However in my bill I struck from my bill this section involving the Commodity exchange. This provision involving the Commodity Exchange was stricken from the bill introduced by the gentleman from Pennsylvania [Mr. KUNKEL].

I am of the opinion that very few of us are in a position to understand the operations of the commodity exchanges. Likewise, in view of the fact that we are dealing with such a delicate subject, one in which very few minutes are involved in transactions, to control the commodity exchanges would bring disastrous results to the producers, the proper marketing facilities, as well as the manufacturing facilities of the country.

Mr. Chairman, I hope the amendment will be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. BUCHANAN].

(By unanimous consent the time allotted to Mr. MCKINNON and Mr. O'HARA of Illinois was granted to Mr. BUCHANAN.)

Mr. BUCHANAN. Mr. Chairman, the bill originally reported from the Committee on Banking and Currency is an effort to place controls on credit, real estate, and commodity exchanges, upon the producer and distributor phase rather than upon the consumer phase. If you take off the controls which will stop the rise in prices of farm products to the unprecedented extent to which they have gone up in this period of 4 weeks prior to the outbreak of the Korean incident, and in the 6 weeks since the Korean incident, you will very easily show how these things get out of hand. Soybeans are a good illustration. Soybeans, represents the best example of the effect of undesirable speculation.

This speculation has resulted in such erratic price movements that actual soybeans have been selling recently in Chicago at 6 to 8 cents below the futures price. Nothing could more clearly demonstrate the artificial character of the futures quotations. Soybean processors have complained bitterly to the Department in recent weeks that the market was not only useless for hedging but that the character of the speculation taking place was causing such erratic price gyrations that legitimate merchandisers and processors were suffering heavy losses.

The most directly effective means of curbing war-scare speculation, short of closing the markets, is to increase the amount of margin which speculators must deposit. Present minimum margin requirements on commodities are wholly in the hands of the exchanges and the rates are uniformly low. It is possible to speculate in all of the more important commodities with down payments averaging from 6 to 13 percent. It is obvious that such rates attract speculators away from the securities markets where 50 percent margin is required.

The stabilizing effect of adequate margin deposits has been tested for more than 15 years in the security markets and this beneficial effect would undoubtedly apply equally to commodity speculation. There need be no fear that some reduction in commodity speculation would handicap merchandisers and processors in their use of the market for price-protection purposes. The volume of speculation is definitely far beyond that needed for the purpose of facilitating actual marketing. Detailed analyses of trading on the more important futures markets have shown that approximately 95 percent of the trading on one of the cotton markets was speculative and that 80 to 90 percent of the trading in wheat, corn, and soybeans was speculative.

Therefore, your whole analysis here so far as trading in the more important commodities is concerned, shows that about 90 percent of the trading was speculative. The whole history here of what happened in the 6 weeks' period since, and the 4 weeks' period prior to the Korean incident has been one in which the speculator has been stepping into the commodity exchanges of this Nation and if you permit this to continue it will only mean higher prices to the consumer and higher prices to the housewife.

Legitimate hedging is provided for in the committee amendment—but speculative sales and speculative purchases are and should be controlled. To permit this condition to continue will mean nothing but the wildest kind of speculation.

(Mr. BUCHANAN asked and was given permission to revise and extend his remarks.)

[Mr. HAYS of Ohio addressed the Committee. His remarks will appear hereafter in the Appendix.]

[Mr. WHITE of California addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. POAGE].

(By unanimous consent, the time granted to Mr. POAGE was granted to Mr. PACE.)

(By unanimous consent, the time allotted to Mr. HARVEY was granted to Mr. PACE.)

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. PACE].

Mr. PACE. Mr. Chairman, I am supporting the amendment of the gentleman from North Carolina, and I want to make my position crystal clear. I am not interested in the gamblers on the stock exchanges. I am only interested in every possible way which is honorable in seeing that the producers of agricultural commodities receive a fair price. The House Committee on Banking and Currency did not have an opportunity to have hearings on this provision in the bill. The Senate committee had hearings and voted 10 to 1 to send it to the Senate Committee on Agriculture for consideration. Our chairman has promised that the House committee would do that.

Now, this is intended to be a war measure. It is supposed to be a measure which will increase production to an extent necessary to win the war. That includes textiles; it includes soybeans; it includes wheat and other agricultural commodities and the products thereof.

I do not believe, speaking for the thing that I know most about, that the textile mills can buy cotton in quantities from the producers and process it, unless they have the opportunity of the insurance of hedging. I do not believe that the language in the House bill, which simply says it shall not interfere with legitimate hedging, is possible of administration, if, on the other hand, you destroy all speculative buying. I am not interested in the speculator. I am interested in the man who grows the commodity. But I know if you destroy the processor or make it impossible for him to operate, the farmer will soon lose his market, and I know that a mill cannot buy large quantities of farm commodities unless he can hedge against fluctuations in the market while he is processing and selling the products. They cannot hedge unless there is someone in the market ready and able to buy or sell.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Kentucky [Mr. SPENCE] to close debate.

Mr. SPENCE. Mr. Chairman, this amendment was only drafted to control speculative operations in the market. Legitimate hedging was expressly excluded. We do know there are two characters of investors on the Commodity Exchange. One of them is the legitimate manufacturere or processor, the miller who wants to obtain commodities necessary in his business. There is another class of men who gamble just as much as if they put their money on the roulette wheel or on one of the fast horses that my State produces. It is those people that we want to curb. I admit I am no great authority on it, but the speculation feature dislocates and disorganizes the legitimate operations of the market. Those are the people we intend to curb.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

(Mr. BOGGS of Louisiana asked and was given permission to extend his remarks in the RECORD at this point.)

Mr. BOGGS of Louisiana. Mr. Chairman and members of the Committee, the idea that by controlling margins on commodity exchanges price advances can be controlled has no foundation in fact. I, of course, support the Cooley amendment and hope that it will be adopted. The matter has been fully debated and I will not burden the Committee further.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from North Carolina [Mr. COOLEY].

The question was taken; and on a division (demanded by Mr. SPENCE) there were—ayes 132, noes 85.

Mr. BUCHANAN. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. COOLEY and Mr. BUCHANAN.

The Committee again divided; and the tellers reported that there were—ayes 146, noes 77.

So the amendment was agreed to.

Mr. ROGERS of Florida. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Florida to the Spence substitute: On page 3, after line 21, insert the following new section:

"SEC. 103. It is hereby made unlawful for any person willfully to hoard any necessaries. The term 'necessaries' as used in this section means foods; feeds; wearing apparel; automobile tires; containers primarily designed or intended for containing foods, feeds, or fertilizers; fuel, including fuel oil and natural gas; fertilizer and fertilizer ingredients; tools, utensils, implements, machinery, and equipment required for the actual production of the above-named articles and materials; and any other articles and materials the equitable distribution of which the President shall find, and shall by proclamation declare, to be essential to carry out the purposes of this act. Necessaries shall be deemed to be hoarded within the meaning of this section when either (a) held, contracted for, or arranged for by any person in a quantity in excess of his reasonable requirements for use or consumption by himself and dependents for a reasonable time; (b) held, contracted for, or arranged for by any manufacturer, wholesaler, retailer, or other dealer in a quantity in excess of the reasonable requirements of his business for use or sale by him for a reasonable time or reasonably required to furnish necessaries produced in surplus quantities seasonably throughout the period of scant or no production, or (c) withheld whether by possession or under any contract or arrangement from the market by any person for the purpose of unreasonably increasing or diminishing the price: *Provided*, That this section shall not apply to futures trading transactions on any commodity exchange or board of trade or to any person with respect to farm products produced or raised upon land owned, leased, or cultivated by him."

Mr. ROGERS of Florida. Mr. Chairman, the verbiage of my amendment was taken from the Lever Act that was passed on August 10, 1917, to take care of the situation in the First World War. The language contained in this amendment has been passed upon by the United States District Court of Colorado and the United States District Court of California, and it was held to be valid and enforceable.

Mr. Chairman, the question of hoarding is the most important element in controlling prices. The Secretary of Agriculture, Mr. Brannan, has made the public statement that we have plenty of food. We have plenty of eggs, we have plenty of butter, we have plenty of everything to feed the American people. The reason these commodities have risen so in price is because of the fact we have hoarders. Hoarding is the forerunner to a rise in prices. With our over-all food supply, there will be no shortage with hoarding checked or outlawed.

I want to say to the Members here, I think that if there is any solution to the control problem and preventing the President from going further and putting on us an OPA, this amendment right here is it. The definition is fully complete. Under the verbiage as given here a man was convicted in California and, as I said in the beginning, the same thing was determined and tested from a legal and constitutional standpoint in Colorado.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from Florida.

Mr. KEATING. The gentleman has referred to legislation of this character accompanying World War I. Was there similar legislation at the time of World War II?

Mr. ROGERS of Florida. I do not recall about World War II, I will say to the gentleman from New York, but this was included in the Lever Act of 1917, and it worked. Now, this cannot hurt the bill. Nobody can justify hoarding. I think we are all against hoarding like all of us are against controls, and I cannot see that there could be any objection to this amendment. I hope that the membership of this House will adopt it, and if you do, you will not see the President invoking further controls on prices and on wages and rationing.

Mr. PHILLIPS of California. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from California.

Mr. PHILLIPS of California. There is no penalty clause under the gentleman's amendment. They come under the penalty clause in the general bill.

Mr. ROGERS of Florida. That is right, of not more than $10,000 and not more than 1 year, if they violate these provisions. This is so definite that it can be enforced.

I might say further that yesterday afternoon the Senate committee went along the same line. They put in verbiage not identical with mine, but somewhat similar. The courts have already interpreted this; they held it constitutional and legal, and I am following the verbiage in the Lever Act.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. What is the definition of "hoarding?"

Mr. ROGERS of Florida. The definition of "hoarding", which they held to be constitutional is:

Necessaries shall be deemed to be hoarded within the meaning of this act when either (a) held, contracted for, or arranged for by any person in a quantity in excess of his reasonable requirements for use or consumption by himself and dependents for a reasonable time; (b) held, contracted for, or arranged for by any manufacturer, wholesaler, retailer, or other dealer in a quantity in excess of the reasonable requirements of his business for use or sale by him for a reasonable time, or reasonably required to furnish necessaries produced in surplus quantities seasonally throughout the period of scant or no production; or (c) withheld, whether by possession or under any contract or arrangement, from the market by any person for the purpose of unreasonably increasing or diminishing the price.

Now, that is the definition of hoarding, and all hoarding can come within that definition.

Mr. NICHOLSON. Mr. Chairman, if the gentleman will yield further, in my district we have a lot of wild fruit and it takes considerable sugar to put up these preserves to feed your neighbors in the winter.

Mr. ROGERS of Florida. Well, I think that this amendment will not interfere with your situation.

Mr. Chairman, I hope the House will adopt this amendment and make "hoarding" a criminal offense. Let us provide a law where Uncle Sam can punish the hoarders; while the boys take care of Uncle Sam on the battlefront in Korea.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

Mr. EDWIN ARTHUR HALL. I object, Mr. Chairman.

Mr. SPENCE. Mr. Chairman, I move that all debate on this amendment close in 5 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, I yield to the gentleman from Pennsylvania [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman, the committee has not had an opportunity to go over the language of the amendment offered by the gentleman from Florida. I believe the effect of the amendment would be so significant and extensive that any explanation that could be made in the time permitted us here would not allow time to pass proper judgment on it. For that reason, I ask that the amendment be rejected. While everybody is opposed to hoarding, there may be some catch-alls in the amendment offered by the gentleman from Florida that would cripple the operation of other provisions in this measure.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from New York.

Mr. MULTER. As I understand it, the amendment now offered contains an exception, so that the hoarding of foodstuffs or farm products is all right. If we are going to prevent hoarding that is one of the things we should stop, but

that is expressly excepted by this amendment.

Mr. BUCHANAN. If we are going to prevent hoarding it has to be across the board.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. ROGERS of Florida. I think this amendment helps the bill. It helps to get control. Unless we have control over hoarding all the prices will go to pieces. This does not interfere with the bill at all.

Mr. MULTER. Why should the gentleman except farm products?

Mr. ROGERS of Florida. That is farm products grown on the individual farm. This is the identical verbiage that was in the Lever Act that this Congress passed in 1917.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. We have just had the spectacle of the provisions of the substitute aimed at controlling unreasonable speculation on commodity markets—not reasonable, but unreasonable—being stricken out, and now they want this in the bill. Of course, the farmer is excluded. I think it is very patent to the American people what is happening.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Michigan.

Mr. CRAWFORD. The proposal is utterly fantastic. Suppose manufacturer A has 3,000 units on his floor that cost him $4 per unit to manufacture and the ceiling price is $3. He refuses to sell because his selling price is lower than his cost price. Are you going to charge him with hoarding because he has the 3,000 units on hand and will not sell below cost of production?

I went all through that under the Lever Act and beat the case in the court. They were trying to force me to sell units that cost me $18 a hundred at $14 a hundred. Of course, you cannot do it.

Mr. BUCHANAN. Mr. Chairman, I agree with the gentleman from Michigan that the amendment should be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida.

The amendment was rejected.

Mr. MANSFIELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MANSFIELD to the Spence substitute: On page 48, line 21, insert a new section to read as follows:

"SEC. 713. All corporations engaged in the manufacture of war materials or any other service connected with the war effort and/or the Defense Production Act of 1950 shall be taxed at the rate of 100 percent of all profits above normal peacetime profits."

Mr. WOLCOTT. Mr. Chairman, I make a point of order against the amendment, on the ground that it is a revenue-raising provision, and therefore is not within the purview, or within the limitation of the bill, and is not germane to the subject matter thereof.

The CHAIRMAN. Does the gentleman from Montana wish to be heard on the point of order?

Mr. MANSFIELD. Yes, Mr. Chairman.

Mr. Chairman, I wonder how legislation of this kind can ever be brought to the attention of the Membership of the House for consideration and debate. When a tax bill is brought to the floor of the House it comes in under a closed rule, so that amendments such as this one on excess wartime profits cannot be offered. I offered this identical amendment to the Selective Service Act of 1948 and it was ruled out of order as not being germane. I felt perhaps the same thing would happen today, but I wanted to make the effort because I think we have to tax ourselves as we go along to pay the cost of what we are undertaking in this time of crisis. We are going to have to spend $30,000,000,000 at least in this fiscal year of 1951. We will have an income of perhaps $45,000,000,000, and like my friend the gentleman from Pennsylvania [Mr. RICH] I want to ask you, "Where are you going to get the money?"—if not through taxes on us as individuals and if not through excess profits taxes on corporations which can well afford to pay because this amendment would apply only to excess profits which are above normal peacetime profits.

Mr. Chairman, high prices, hoarding, and inflation must be stopped. These are dangerous to our security and the results are felt hardest by the people least able to pay.

We should act with courage on the measure before us. As I have indicated in previous talks on the present emergency, this is no time for either business or politics as usual.

Let us at least try to match the sacrifices being made by our men in Korea. Let us recognize that, even though we cannot consider an excess profits tax today, due to the ruling of the Chairman, we must face up to it soon because we must pay as we go.

I am indeed sorry that my amendment has been ruled out of order and, therefore, cannot be considered at this time.

The CHAIRMAN. The Chair is ready to rule.

The amendment offered by the gentleman from Montana [Mr. MANSFIELD] is very clearly a revenue-raising provision and clearly outside the jurisdiction of the Committee on Banking and Currency and within the exclusive jurisdiction of the Committee on Ways and Means. Therefore the Chair sustains the point of order.

[Mr. MANSFIELD addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT to the Spence substitute: On page 32, line 3, strike out all of subsection (b) on page 32, and all of (3) on page 35, and all of (2) on page 34, and substitute for the latter the following:

"(2) Real-estate credit means credit secured either wholly or partly by real property, the improvement of which, either by the construction of a dwelling unit or units or the substantial improvement or repair of such unit or units, is started after the effective date of this act."

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 15 minutes, with the last 5 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

[Mr. WOLCOTT addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The time of the gentleman from Michigan [Mr. WOLCOTT] has expired.

The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, in speaking on this bill previously, I had commented on title 5, which has since been stricken by amendment. I had an amendment to place in title 5, which would have limited the President's powers under title 5 to facilitating voluntary agreement by collective bargaining. That amendment would have been put in at page 30, line 16, and is specifically as follows: Insert on line 16, after the word "appropriate", the following:

To facilitate voluntary agreement by collective bargaining.

The trouble with title 5 as it stood originally was that the President and whoever succeeded the present President, could put in restrictive injunctions, could induct people into the Army and could move much beyond just collective bargaining. Unrestrained power in any person's hands in the name of emergency, is not consistent with our democratic system of controls and balances.

In addition to that I have an amendment which reads as follows:

Amendment offered by Mr. FULTON: At the end of section 301 (a) of title III, add two new paragraphs:

"To encourage enterprise capital investment in our free-enterprise system for productive facilities essential for both peace and war and alleviate any need for Government construction of plants by permitting more liberal amortization of cost, productive facilities in any basic industry essential to national security which the President of the United States of America henceforth officially declares to have capacity less than needed for security reasons shall be allowed a special amortization allowance of 5 years in lieu of allowance for depreciation, exhaustion, wear, tear, and obsolescence.

"This provision shall be applicable only with respect to taxable years beginning after December 31, 1950, and shall apply only to those facilities begun subsequent to a Presidential declaration that a specific shortage exists, regardless of completion date of construction or possible subsequent revocation of such Presidential declaration."

This is a provision for accelerating amortization of depreciation of new defense establishments. Because of the ruling on the amendment offered by the gentleman from Montana I believe that this amendment at this point might be subject to a point of order, because it refers to the Internal Revenue Code. I am speaking on the amendment as the issue

should be brought up. You have two ways of expanding defense plants: Either through the Government by subsidy or guaranty, or through this amendment by private enterprise without Government subsidy or guaranty. This amendment revives the procedure used in World War II, by allowing people who build new defense plants to take depreciation by a special amortization allowance of 5 years instead of the regular allowance. This method accelerates the amortization time and permits these people who are operating plants to expand and see that they will be able to depreciate these plants during the time of this defense program.

Admiral Ben Moreell of the Jones & Laughlin Steel Corp. has written me upon this subject of accelerated depreciation allowance saying:

This is an extremely important matter which merits careful attention. I am convinced that we can finance most of the facilities needed for war production in this manner. There are some highly specialized facilities that would be of little use in peacetime, or whose use would be deferred for a long time, and in those cases it may be necessary for the Government to put up the money.

Another advantage of privately financed facilities is that you can get them built quicker and cheaper than if we have to go through a lot of Government red tape.

Admiral Moreell said further:

It is essential that producers formulate at once definite plans for new equipment and plant facilities. This can be done very effectively and expeditiously if producers are assured that provision for accelerated amortization for new defense facilities, similar to provision made during the recent war—

Which I might say parenthetically was section 124 of the Internal Revenue Code—

is included in the proposed defense production act now under consideration. I strongly recommend this action as an essential for maximum production in minimum time. Such equipment and facilities would be privately financed.

Mr. HERTER. Mr. Chairman, will the gentleman yield to permit me to read a paragraph?

Mr. FULTON. I yield.

Mr. HERTER. In connection with the amendment offered by the gentleman from Michigan, the Members of the House ought to be interested in this statement of financial policy which has just been issued by the Federal Reserve Board to the committee of which both the gentleman and I are members, the Committee on the Economic Report. After discussing various types of credit, consumer credit, credit on real estate, and the stock market, the Federal Reserve Board says this:

Selective controls are not suitable to most other types of credit, such as loans to business and farmers to provide working capital or carry inventories because specific rules as to repayment are not generally applicable. Expansion of these credits, as well as of those subject to selective regulation, can be restrained to an important degree through the voluntary cooperation of banks and other lenders, through bank supervisory policy applied cooperatively by the State and Federal authorities, and through the use of general credit instruments which limit the supply of reserves available to banks.

In other words, legislation to try to take care of general credit as provided for in this bill should be eliminated since it does not serve any useful purpose.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that the 5 minutes to which the committee is entitled may be used by the gentleman from Oklahoma [Mr. MONRONEY].

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

(Mr. MONRONEY asked and was given permission to revise and extend his remarks.)

[Mr. MONRONEY addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 96, noes 101.

Mr. WOLCOTT. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WOLCOTT and Mr. PATMAN.

The Committee again divided; and the tellers reported that there were—ayes 121, noes 123.

So the amendment was rejected.

Mrs. DOUGLAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. DOUGLAS to the substitute amendment offered by Mr. SPENCE: On page 13, line 2, after "service", insert "or for the use of any housing accommodations", and on page 13, line 3, strike out "not."

Mr. WOLCOTT. Mr. Chairman, I reserve a point of order against the amendment.

Mr. SPENCE. Mr. Chairman, will the gentlewoman yield?

Mrs. DOUGLAS. I yield.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mrs. DOUGLAS. Mr. Chairman, I have introduced this amendment so that the President would have the power to reinstate rent controls where they have been discontinued, and where as a consequence rents have risen very drastically and where this rise in rents affected the war production effort surely such power is a legitimate part of the Defense Production Act.

For example in Los Angeles, where there will be much aircraft production, the city council the other day voted to remove rent controls. They will not be removed for some weeks because that council action has to come back to Washington and the Office of the Housing Expeditor to see that the city council followed the requirements of the Rent Control Act. This is a case where rent controls may have to be reimposed.

If the President should find that rents had risen in Los Angeles, as there is every indication they will, and that this in turn jeopardized the production of planes in that area and placed a very heavy handicap not only on production but also upon wage earners then the President ought to have the power to act.

I do not think, Mr. Chairman, that I need to discuss the amendment further. The need for it is so obvious.

Mr. Chairman, this is not business as usual. It is not a business as usual, when young men who have been separated from their wives and children for the last 2 or 3 years, on the night they were supposed to be discharged from the Army and go back to their families, were told that their discharges were canceled and that their enlistments were continued for another 2 years. And what about their familes and the rents they may have to pay?

Mr. Chairman, as I said, this is not business as usual. Of course it is not agreeable to have rent controls or price controls or any of these other controls. But it is a lot less agreeable to be sent overseas. It is a lot less agreeable to be pulled away from your family.

Mr. Chairman, I think this amendment is an absolutely necessary part of this bill.

Mr. SPENCE. There is nothing mandatory in the amendment?

Mrs. DOUGLAS. No. It is merely permissive—as the other controls in the bill.

Mr. SPENCE. It is merely permissive?

Mrs. DOUGLAS. Yes; it is not mandatory. If the President finds that rents do not increase, he will not exercise this power. It simply gives him the power to control this vital part of the economy if it adversely affects our capacity to carry out the job ahead.

The CHAIRMAN. The time of the gentlewoman from California has expired.

Mr. WOLCOTT. Mr. Chairman, I withdraw the point of order.

Mr. SPENCE. Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from California.

The question was taken; and on a division (demanded by Mrs. DOUGLAS), there were—ayes 58, noes 118.

So the amendment was rejected.

Mr. COLE of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLE of New York to the substitute amendment offered by Mr. SPENCE: On page 16, line 16, strike out the word "above" and insert in lieu thereof the words "in this subsection."

On page 17, line 6, add the following additional sentence: "Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher;

Provided, however, That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas."

The CHAIRMAN. The gentleman from New York is recognized in support of his amendment.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. COLE of New York. Let me proceed for just a moment, until the purpose of the amendment is explained.

I shall try to explain the amendment as quickly and as simply as possible. It is designed to maintain the balance between milk producers operating in areas where marketing agreements exist and those in areas where marketing agreements do not exist. Of the 500,000 fluid-milk producers in this country only a very small fraction are covered by marketing agreements. You will notice that the pending bill exempts completely from the provisions of price control farm producers who are covered by marketing agreements. It so happens that substantially all of the farm products covered by marketing agreements is fluid milk. That means that essentially those farmers who happen to be located in areas covered by marketing agreements are exempt completely, whereas the fluid milk producers in other areas are covered under price control.

Although the amendment is rather technical in its expressions, in substance it simply does this, it maintains the ratio which existed between the milk producers in nonmarketing areas with the average price for production throughout the country during the base period of May to June of this year. If it is adopted, the producer in nonmarketing areas will have the same ratio with respect to the average price throughout the country as existed between the nonmarketing area and the average throughout the country in May to June of 1950. The purpose of the amendment, as I say, is to maintain the established balance between the nonmarketing milk-producing areas and the marketing producing areas.

Mr. DAVIS of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. COLE of New York. I yield.

Mr. DAVIS of Wisconsin. I believe this amendment the gentleman has offered will take care of situations that exist, for instance, in Milwaukee, Wis., where there is pending a petition for a milk order, but there is none there at present.

Mr. COLE of New York. I think it would take care of those areas.

Mr. DAVIS of Wisconsin. And would alleviate that condition such as has existed because of the rather sharp drop in prices in those areas which have not had Federal milk orders in effect.

Mr. COLE of New York. The situation generally that existed during this base period with respect to the average price throughout the country, and the price in that particular area, that ratio will be maintained during the life of the act.

Mr. DAVIS of Wisconsin. I believe the gentleman's amendment is completely proper; I shall support it.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. COLE of New York. I yield.

Mr. NICHOLSON. Would this have any effect on the milk price in the State of Massachusetts where we have our own milk control board? In other words, would the Federal Government step in and supersede our board and their requirements?

Mr. COLE of New York. No; in no sense would this supersede the State milk control authority in respect to marketing.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. COLE of New York. I yield.

Mr. JAVITS. Is it fair to say there is a great price differential between the milk producers the gentleman is talking about and the general marketing price covered by agreement? I understand there is.

Mr. COLE of New York. I do not know that there is. But whatever was the situation during the base period, the ratio is used as the standard for determining the selling price during the life of the bill.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. COLE of New York. I yield.

Mr. PACE. As I understand, under the gentleman's amendment you would still have the protection of the parity price and it would be the higher of the two.

Mr. COLE of New York. It would be the highest of three: The base, the parity price, or the price as of the base period adjusted for season and location, and so forth circumstances, and this other ceiling which is the established ratio that existed during the base period.

Mr. PACE. Among the areas.

Mr. COLE of New York. Among the areas during this base period; and it is designed to preserve the equality that existed during the base period between nonmarketing-agreement areas and the average throughout the country.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that the gentleman from New York may proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. COLE of New York. I yield.

Mr. COOLEY. I just wondered at what point of the bill the gentleman's amendment is offered.

Mr. COLE of New York. It follows immediately after section 402 on page 17 of the bill.

Mr. COOLEY. Why is not milk as a commodity taken care of under the amendment offered by the gentleman from Georgia [Mr. PACE], which struck out the words "fresh fruits and vegetables" and inserted in lieu thereof "any agricultural commodity"?

Mr. COLE of New York. The last sentence of section 402 exempts marketing agreements. The principal commodity affected by marketing agreements, and, therefore exempt, is fluid milk. It is to protect the fluid-milk producer who is not exempt because of not being in a marketing agreement that this amendment is offered in order to preserve the established ratio between the two types of producer.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on the Spence amendment and all amendments thereto conclude at 5:30.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. BROWN of Ohio. Mr. Chairman, reserving the right to object, may I inquire how many amendments are at the desk?

The CHAIRMAN. There are 15.

Messrs. BYRNES of Wisconsin and AUGUST H. ANDRESEN objected.

Mr. SPENCE. Mr. Chairman, I move that all debate on the Spence amendment and all amendments thereto conclude at 5:30.

The CHAIRMAN. The question is on the motion offered by the gentleman from Kentucky [Mr. SPENCE].

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 158, noes 28.

So the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. COLE].

The amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. O'TOOLE].

Mr. O'TOOLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'TOOLE to the Spence substitute: On page 12, line 23, after the word "price", insert "profit."

Mr. O'TOOLE. Mr. Chairman, the amendment that I have offered is a simple one. The measure before the House provides for the placing of ceilings on prices, rents, and so forth at the discretion of the President in this time of crisis. My amendment adds the simple word "profit" to the terms already enumerated in the bill.

There may be some argument that the word "profit" is not germane and that it belongs in a tax bill, but I will take issue with any such expressed thought. Profit and loss are a natural consequence of business, and if there are to be ceilings or limitations placed upon business the profit factor must be recognized. Unless ceilings are placed upon profits at this time you will soon place exorbitant sums of money in the hands of a limited number of people who in turn because of their wealth will be able to purchase at extremely high prices limited goods. This will naturally bring about an inflationary situation.

It has been argued earlier today that such a situation could be cured by an excess-profits tax bill. In fact, some of the Members said that the Ways and Means Committee would soon consider such legislation. However, I would not care to wait for such action as I do not know when it will take place. I might borrow the words from the old Irish song, Kathleen Mavourneen, "it may be for years and it may be forever." If the Ways and Means Committee does not act immediately it would mean that the accrued exorbitant profits would soon be in the pockets of these racketeers and would speedily bring about a great shortage of necessary goods. I understand that this legislation is stand-by legislation. Why not adopt my amendment so that some check would be in existence on those who might endeavor to operate illegally?

If we are to have domestic tranquillity. If we are to keep the men in the armed forces assured that everything is being done at home to retain the status quo, it is highly essential that profits be limited by a legal ceiling.

Gentlemen, I urge the adoption of this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. O'TOOLE].

The amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Ohio to the Spence substitute: On page 48, line 23, after the word "of", strike out "June 30, 1952" and insert in lieu thereof "March 31, 1951."

(Mr. GAMBLE and Mr. AUGUST H. ANDRESEN asked and were given permission to yield the time allotted them to Mr. BROWN of Ohio.)

Mr. BROWN of Ohio. Mr. Chairman, this amendment is very simple. It would limit the life of this bill, if enacted into law, to March 31, 1951, so that we may determine in the months ahead as to just how grave the emergency is. This will give to the Congress an opportunity to review the entire situation on the economic home front and on the international fronts of the world determine our future needs, and correct any errors or mistakes which we may have made in enacting this legislation. Therefore I hope that the amendment will be adopted.

This is the same proviso as to time limitation as is contained in the Kunkel amendment. If this amendment is adopted we will have about 7 months in which to determine how this legislation works, if it is enacted, and to correct the errors which undoubtedly have been made as a result of the haste with which this legislation is being considered.

Mr. KUNKEL. Also to see what develops in the international picture in the meantime.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. BROWN].

The question was taken; and on a division (demanded by Mr. BROWN of Ohio) there were—ayes 129, noes 107.

Mr. SPENCE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. BROWN of Ohio and Mr. PATMAN.

The Committee again divided; and the tellers reported that there were—ayes 142, noes 118.

So the amendment was agreed to.

The CHAIRMAN.. All time for debate has expired.

There are several amendments on the Clerk's desk. The amendments may be offered but cannot be debated.

Mr. PACE. Mr. Chairman, I ask unanimous consent that the author of each amendment may have 1 minute in which to explain his amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

Mr. BUCHANAN. Reserving the right to object, Mr. Chairman, may I inquire how many amendments there are on the desk?

The CHAIRMAN. There are 13 amendments remaining.

Mr. BUCHANAN. How about the committee's opportunity to reply?

Mr. PACE. Mr. Chairman, I amend my request to make it one-half minute on each side.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PACE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PACE to the Spence substitute: On page 16, line 17, after the word "any", strike out the words "fresh fruit or any fresh vegetable,".

Line 24, after the word "such", strike out in lines 24 and 25 the words "fresh fruit or fresh vegetables", and insert in each instance the words "agricultural commodities."

Mr. PACE. Mr. Chairman, I explained this amendment yesterday. The bill now provides that in case of unusual hazards, short crops, or unusual increases in the cost of production the President can adjust the ceiling price temporarily to take care of that situation to protect the producers against loss. I simply strike out "fresh fruit and vegetables" and insert in lieu thereof "agricultural commodities." I am sure the House will want to extend this authority to other commodities as well as to fresh fruits and vegetables. I do not anticipate any objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia [Mr. PACE].

The amendment was agreed to.

Mr. REES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. REES to the Spence substitute: on page 47, line 5, before the period insert a colon and the following: "*Provided*, That not more than 10 positions shall be placed in grade 18, 25 positions placed in grade 17, and 100 positions placed in grade 16."

Mr. REES. Mr. Chairman, the amendment I have offered puts a limit on the number of employees that may be hired at the higher salaries ranging from $11,200 up to $14,000 per year. The bill as presently written authorizes the President to employ as many persons as he deems advisable at the higher salaries. Those who get the new jobs created under this bill may be paid as much as $14,000 without limitation as to the number of such jobs.

Now, I want to call your attention to the unfairness of this section of the bill. Only a year ago, at the request of the President, Congress enacted legislation providing for a limited number of positions at the higher salaries. In grade 16 there are 300 positions that pay as high as $11,200; then grade 17 there are 75 jobs from $12,000 to $13,000; and 25 positions at $14,000. They are in addition to a number of Presidential appointments. The Bureau of the Budget and others in administration said these ceilings were satisfactory. They apply to all departments in Government.

My amendment would limit the number for the new agencies created under this bill. My amendment provides for not more than 100 additional jobs at $11,200; and not more than 25 new jobs at $12,000 to $13,000; and not more than 10 new jobs at $14,000. Of course they can hire any number they choose for salaries as high as $10,300. If you do not approve my amendment, you will have a situation where there is no limit as to the number that may be employed in the agencies created under this legislation. The thing is unfair. It is inequitable. It is extravagant and not in the interest of good government. If you do not adopt my amendment, there will be plenty of applicants for these newly created jobs by people who are not as well qualified as experienced people already employed in Government. Too many of these new jobs will be filled by political pressure. Furthermore, Mr. Chairman, let it not be said that it is necessary to pay so many people higher salaries in order to secure their services in time of emergency. There are plenty of people in industry, and in labor, and in business who will be glad to serve in places of responsibility, and who will place salary secondary to service when our country is in trouble.

It is regrettable that the committee in charge of this bill has been fit to limit the consideration of this amendment, and other important amendments, to only a few minutes time. Why not work a little later, or further consider the bill tomorrow, so all proposed amendments may be fairly considered.

Mr. Chairman, the amendment I have offered affects only a segment of this proposed legislation. The bill before us today is described as the Defense Production Act of 1950. The situation with respect to our country at this hour is most critical. This, and other emergency legislation, that we will be called upon to consider must be considered in the light of what can be done, or what action may be taken to save our country and bring this war, and it is war, to

a successful conclusion. Let this be an all-out effort on the part of everyone. Let no one group take advantage of this perilous situation, but all work together and sacrifice if need be, in support of those boys who are called upon to pay the supreme sacrifice, if required to do so, to save America.

Mr. SPENCE. Mr. Chairman, I ask that this amendment be defeated. We are delegating powers to the President of the United States, the most important powers that could be delegated to him, to fight a condition in which we are all interested, and yet we tell him he cannot have sufficient personnel to carry out the purposes of the act.

I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The question was taken, and on a division (demanded by Mr. KEATING and Mr. REES) there were—ayes 103, noes 129.

So the amendment was rejected.

Mr. KEATING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEATING to the substitute amendment offered by Mr. SPENCE: On page 48, lines 21 to 24, strike out all of section 713 and insert in lieu thereof the following:

"SEC. 713. This act and all authority conferred hereunder shall terminate at the close of March 31, 1951, and all or any authority conferred hereunder shall terminate at such earlier time as Congress by concurrent resolution or the President by proclamation may designate."

Mr. KEATING. Mr. Chairman, the necessity for this amendment is lessened by the adoption of the Brown amendment.

The sole purpose of the amendment is to provide that any of the titles hereunder, not simply all of the act, may be terminated at an earlier date either by concurrent resolution of the Congress or by action of the President. The way it is worded now action must be taken at one time on the entire measure. Under this amendment either the Congress or the President could terminate the operations of the provisions of any part of the bill before the expiration date, if either the legislative or executive arm considered such action desirable.

Mr. SPENCE. Mr. Chairman, if we are limiting the operation of this act to March 31, 1951, it will not be sufficient time for the President to set up proper organization to administer the act; and now this amendment provides that it may be terminated at an earlier date. I certainly think no provision of that kind should be in this act, because of the earlier date which has heretofore by amendment been provided, and I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. DURHAM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DURHAM to the Spence substitute: On page 8, line 14, strike out subsection (b).

Mr. DURHAM. Mr. Chairman, yesterday I explained what this language did, in my opinion. Since 1932 this Congress and former Congresses have carried forward into each piece of legislation the so-called buy-American provision.

In my opinion, this nullifies the so-called buy-American provision. I direct attention of you people especially from the mining States who should bear in mind what this means to you, because if we take out that provision and do away with the buy-American provision, you are going to suffer more than your mines are suffering at the present time. As a matter of fact, many of your mines are closed. This amendment does not take away one iota of authority, nor does it restrict the executive branch of the Government in any way of the purchase of any material desired, domestic or foreign, at any time. There exists presently full authority and we have been consistently advised there is.

Mr. SPENCE. Mr. Chairman, this is a far-reaching amendment. We have never had a chance to consider it. There has been insufficient informative discussion and I ask that it be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. DURHAM].

The question was taken; and on a division (demanded by Mr. DURHAM) there were—ayes 138, noes 90.

So the amendment was agreed to.

Mr. MORTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORTON to the Spence substitute: Page 12, line 20, after the word "President", insert: "or the Congress by concurrent resolution shall determine."

Page 12, line 22, strike out the word "may" and insert the word "shall."

Mr. MORTON. Mr. Chairman, the section would read as follows, if my amendment were adopted:

Whenever the President or the Congress by concurrent resolution shall determine it necessary or appropriate to carry out the purposes of this title he shall issue regulations and orders.

And activate section 402.

If the President finds it necessary he shall do it or the Congress by concurrent resolution, if we determine it by concurrent resolution, can require it.

I feel that in this way we hold our responsibility, our constitutional responsibility, and that we do not completely pass the buck to the President. If he does not take action we can.

Mr. PATMAN. Mr. Chairman, this is an effort to execute the law that we pass. Unquestionably it is not in accordance with the Constitution of the United States which says that we shall have three branches of Government. We legislate. The Executive executes.

I think the amendment should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. MORTON].

The question was taken; and on a division (demanded by Mr. MORTON) there were—ayes 99, noes 146.

So the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. HUBER].

Mr. HUBER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HUBER to the Spence substitute——

Mr. HUBER (interrupting the reading of the amendment). Mr. Chairman, I ask that further reading of the amendment be dispensed with. Mr. Chairman, this is a very simple decision for the Congress to make.

Mr. GAMBLE. Mr. Chairman, what does the amendment refer to?

The CHAIRMAN. The gentleman asked to dispense with the further reading.

Mr. HUBER. That interruption has taken more time than the 30 seconds allotted to me to discuss my amendment.

Here we have, Mr. Chairman, the spectacle of the Congress of the United States allowing 15 minutes for 15 amendments and allotting each Member of Congress 30 seconds to discuss the amendment which they have introduced. Yes, Mr. Chairman, we are in a great hurry. Some of the Members have other engagements, and after all, the Korean war will still be on after this Chamber has been darkened and we have adjourned for the day. Is it not possible to bring the Members of this House to a realization that it is later than we think? The world is on fire—touched off by the Korean situation. Yet, may I bring to your attention the fact that even though we were not engaged in this decisive struggle, prices have been soaring monthly and it would have been necessary to take definite action to recapture, by taxation, a part of the huge profits now being earned by American corporations regardless of the present emergency.

Mr. Chairman, it appears as though this Congress is bent on regulating everybody and everything excepting the sacred cows of special privilege who have their pleaders in our midst. What courage we have when we declare piously that the President must have the power to limit the incomes of those who work for a living, yet, one by one, this afternoon we have been exempting other groups and in effect saying those who work in stores, factories, or other lines of endeavor must have their incomes frozen to prevent inflation, yet, every attempt to bring about an equality of sacrifice has been voted down by this House. My amendment only seeks to reimpose the excess profits legislation that was in effect during World War II and, incidentally, which should never have been repealed.

There are some who will say that action should not be taken on this matter until the Committee on Ways and Means of the House of Representatives has had an opportunity to hold hearings and present legislation for this purpose. While I agree that whenever possible appropriate committees of the Congress should hold hearings on pending legislation, I call to your attention that the decision to send American boys into Korea was made despite the fact that

hearings were not held by the Armed Services Committee of the House of Representatives. On yesterday we learned through the public press that those in charge of the armed services had seen fit to land additional Marine reinforcements in Korea. My question to you Members of the Congress is, "Are dollars or men more sacred?" Shall we continue to do business as usual, or shall we immediately conscript dollars as we are conscripting men? In due time the great Committee on Ways and Means will eventually get around to considering legislation dealing with excess profits. Possibly next month or next year. Why wait? Why not in one fell swoop adopt my amendment which would reimpose the excess profits tax existing during World War II? This can be done in 5 seconds and I am confident will be done unless parliamentary shenanigans are engaged in by those who would say, "Let's carry on as usual and let the devil take the hindermost."

(Mr. HUBER asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. HUBER].

The question was taken; and on a division (demanded by Mr. HUBER) there were—ayes 107, noes 104.

Mr. MONRONEY. Mr. Chairman, I demand tellers.

Mr. CASE of South Dakota. Mr. Chairman, I ask unanimous consent that the amendment be reported before we have the vote by tellers.

Mr. MARTIN of Massachusetts. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. MARTIN of Massachusetts. Are we going to vote on an amendment that was never reported in the Committee of the Whole?

The CHAIRMAN. That is what it looks like.

Is there objection to the request of the gentleman from South Dakota?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. HUBER to the Spence substitute: Page 39, after line 14, insert the following new section:

"SEC. 612. Reapplication of excess-profits tax: (a) Section 122 (a) of the Revenue Act of 1945 is hereby amended to read as follows:

"'(a) In general: The provisions of subchapter E of chapter 2 shall not apply to any taxable year beginning after December 31, 1945, and ending prior to January 1, 1951. The provisions of part III of such subchapter shall not apply to any taxable year beginning after December 31, 1945.'

"(b) The following sections of the Internal Revenue Code are restored to read as such sections read immediately prior to the enactment of the Revenue Act of 1945, to be effective as so restored, with respect to taxable years ending after December 31, 1950, as if section 122 (g) of the Revenue Act of 1945 had not been enacted:

"(1) Section 26 (e) (relating to the credit for income subject to the excess-profits tax);

"(2) Section 13 (a) (2) (defining 'normal tax net income');

"(3) Section 15 (a) (defining 'corporation surtax net income');

"(4) Section 26 (b) (relating to the credit for dividends received);

"(5) Section 102 (d) (1) (defining terms for the purpose of the tax imposed by section 102);

"(6) Section 131 (b) (prescribing certain limitations on the foreign tax credit);

"(7) Section 204 (a) (2) (relating to foreign mutual insurance companies other than life or marine).

"(c) (1) Section 710 (a) of the Internal Revenue Code is amended by adding at the end thereof the following new paragraph:

"'(9) Taxable years beginning in 1950 and ending in 1951: In the case of a taxable year beginning in 1950 and ending in 1951, the tax shall be an amount equal to that portion of a tentative tax, computed as if the law applicable to taxable years beginning on January 1, 1951, were applicable to such taxable year, which the number of days in such taxable year after December 31, 1950, bears to the total number of days in such taxable year.'

"(2) Section 108 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"'(f) Taxable years of corporations beginning in 1950 and ending in 1951: In the case of a corporation required to file a return under section 729 (b) (2), relating to the excess-profits tax, for a taxable year beginning in 1950 and ending in 1951, the tax imposed by sections 13, 14, and 15 shall be an amount equal to the sum of—

"'(1) that portion of a tax, computed as if the law applicable to taxable years beginning on January 1, 1950, were applicable to such taxable year, which the number of days in such taxable year prior to January 1, 1951, bears to the total number of days in such taxable year, plus

"'(2) that portion of a tax, computed as if the law applicable to taxable years beginning on January 1, 1951, were applicable to such taxable year, which the number of days in such taxable year after December 31, 1950, bears to the total number of days in such taxable year.'

"(d) Effecive date: The amendments made by this section shall be applicable with respect to taxable years ending after December 31, 1950."

Mr. WOLCOTT (interrupting the reading of the amendment). Mr. Chairman, the reading of the amendment has gone far enough, I think, so that I would like to make a point of order against it. I make a point of order against the consideration of the amendment, Mr. Chairman, because under the rules of the House as they apply to the Committee of the Whole, the amendment was not reported and unanimous consent was not given to dispense with the reading of the amendment.

The CHAIRMAN. The Chair will state that the gentleman from Ohio [Mr. HUBER] was recognized to offer an amendment. He rose and asked unanimous consent that the further reading of his amendment be dispensed with, after the Clerk had read the first portion of it. There was no objection, and the Chair so announced. The point of order, though good, comes too late.

The Clerk proceeded with the reading of the amendment.

Mr. NICHOLSON (interrupting the reading of the amendment)——

The CHAIRMAN. For what purpose does the gentleman from Massachusetts rise?

Mr. NICHOLSON. Mr. Chairman, I would like to ask what this last provision which the Clerk has read means.

The CHAIRMAN. The Chair cannot answer that question.

Mr. WOLCOTT. Mr. Chairman, a point of order. I believe the reading of the amendment has gone far enough so that we may determine it is an amendment which raises revenue and therefore is not germane to the bill.

I submit, Mr. Chairman, that under the rules a point of order may be made at any time before a final vote is taken on the adoption of such an amendment.

The CHAIRMAN. The Chair has already ruled on the point of order and adheres to the former ruling.

The Clerk will continue to read the amendment.

The Clerk concluded the reading of the amendment.

Mr. WERDEL. Mr. Chairman, in order that the Members of the House may know the effective date of this act and whether or not it is retroactive, I ask unanimous consent that an additional 10 minutes be allowed for debate.

The CHAIRMAN. Is there objection?

Mr. EBERHARTER. Mr. Chairman, I object.

Mr. WERDEL. I would like to ask the author of the bill if he does not believe the Members of the House ought to know what they are voting on.

The regular order was demanded.

The CHAIRMAN. The regular order is the request of the gentleman from Oklahoma [Mr. MONRONEY] for tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. HUBER and Mr. WOLCOTT.

The Committee again divided; and the tellers reported that there were—ayes 102, noes 153.

So the amendment was rejected.

Mr. CRAWFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD to the Spence substitute: On page 2, strike out lines 2 to 21, inclusive, and down to the period in line 22; in line 25, strike out the words "and other;".

On page 3, line 1, strike out the words "and foreign policy."

Mr. CRAWFORD. Mr. Chairman, all of the debate on this bill shows that the bills are geared to the national economy. The declaration of policy in this Spence amendment ties our economy solidly to the Charter of the United Nations, giving that organization the power to say what our economy shall be. This amendment is for the purpose of striking that part from the bill. Without this amendment I will never vote for the bill.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, it seems to me that this is an inopportune time to amend an amendment such as this, which strikes out the statement that it is the policy of the United States to support collective action within the United Nations to secure the peace of the world. Whether you like it or not, we are in a war; we are pledged to support the United Nations, and I do not think this is the proper time to change our policy in this bill as is proposed by the gentleman from Michigan.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

Mr. NICHOLSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. NICHOLSON. I rise to ask about this last matter that was brought up. I understand that due to the confusion and everything the presiding officer could not hear me. Now I should like to know what this amendment is.

The CHAIRMAN. The amendment has been rejected.

Mr. ENGLE of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ENGLE of California to the Spence substitute: Page 8, line 4, after the word "materials", add the following: "including the exploration, development and mining of critical and strategic minerals and metals."

Mr. ENGLE of California. Mr. Chairman, the purpose of my amendment is to clarify the language of the bill and make it plain that the loan provisions of this bill permit loans to mining enterprises producing critical and strategic minerals and metals. A discussion with the committee members indicated that is their intention and I hope, therefore, they will not oppose the amendment.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. ENGLE of California. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I think the amendment offered by the gentleman from California strengthens the provisions of this particular part of the substitute and I hope it will be agreed to.

Mr. HAYS of Arkansas. Mr. Chairman, I am advised by Mr. Symington's office that there is no objection to this amendment. The gentleman from Massachusetts is correct. I hope it will be adopted.

Mr. Chairman, it would be very unfortunate if our vote on the Huber amendment a few moments ago were construed as disapproval of an excess profits tax. We were not voting on that. We were voting in the interest of orderly procedure. In due course I hope to see an excess profits tax provision adopted and I am confident that many others voting against the Huber amendment share this view.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. ENGLE].

The amendment was agreed to.

Mr. JENSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JENSEN to the Spence substitute: At the end of the bill, on page 48, add a new section as follows: *"Provided,* That no person may be employed under this act who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided,* That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further,* That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation or fund contained in this act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than one year, or both: *Provided further,* That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law."

Mr. JENSEN. Mr. Chairman, this amendment speaks for itself. A like amendment was adopted by this House which I offered in the first session of the Eighty-first Congress to the housing bill and it was adopted by an overwhelming majority.

It was also adopted by the Senate after being amended to a slight degree, and it is now the law of the land in the housing bill. This provision certainly should be made a part of this bill, especially under the present conditions in which we find ourselves involved today, both here and abroad, in order to keep the Communists out of Government employ to the greatest degree possible, and to guard against Government employees participating in strikes. I would have little respect for any Member of Congress, who would oppose this very necessary and proper safeguard of our liberties while our boys are fighting and dying on foreign battlefields this very minute.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. JENSEN].

The amendment was agreed to.

The CHAIRMAN. All amendments have been considered and all time has expired. The question is on the Spence substitute for the Kunkel amendment.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 139, nays 127.

Mr. WOLCOTT. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WOLCOTT and Mr. PATMAN.

The Committee again divided; and the tellers reported that there were—ayes 159, nays 128.

So the substitute to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL], as amended.

Mr. SPENCE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SMITH of Virginia, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, had come to no resolution thereon.

HOUR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CORRECTION OF ROLL CALL

Mr. GARY. Mr. Speaker, I ask unanimous consent to correct roll call No. 220, which shows me as being absent. I was present and answered to my name.

The SPEAKER. Without objection, the RECORD and Journal will be corrected accordingly.

There was no objection.

CORRECTION OF RECORD

Mr. FURCOLO. Mr. Speaker, I ask unanimous consent that my remarks in the RECORD of July 24 at page A5608 may be corrected, as follows: In the second paragraph, after the figure "150,000,000", strike out the period and the capital "T" in the word "this" and change the last word "action", to "nation."

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WEICHEL. Mr. Speaker, I ask unanimous consent to correct the RECORD on page A5103, where the name "Howard A. Zink" appears, to read "Howard E. Zink."

The SPEAKER. Without objection, the correction will be made.

There was no objection.

SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentleman from Wisconsin [Mr. BIEMILLER] is recognized for 30 minutes.

WE NEED PERMANENT DISABILITY INSURANCE—WE DO NOT NEED THE KNOWLAND AMENDMENT

Mr. BIEMILLER. Mr. Speaker, this Congress now has a double responsibility.

It must move with dispatch to meet the enormous demands of our role of leadership in the free world. It must furnish the men, arms, and money for our defense and that of free peoples everywhere.

The second congressional responsibility is to the citizens of this country—to maintain the standards of justice—legal and social—which have helped to bring

graduates, the following-named distinguished military students of the senior division, Reserve Officers' Training Corps, for appointment in the United States Air Force in the grade of second lieutenant, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947):

To be second lieutenants

Francis J. Cunnion — Joseph H. Piper, Jr.
Charles A. James — Raymond Smith

UNITED STATES AIR FORCE RESERVE

The following-named officers for appointment in the United States Air Force Reserve under the provisions of section 37, the National Defense Act, as amended. These officers are subject to physical examination as required by law:

To be brigadier generals

Col. Walter Gelvin Bain, AO290604.
Col. Merian Coldwell Cooper, AO163054.
Col. Bruce Johnson, AO504391.
Col. Douglas Keeney, AO114138.
Col. Charles Maylon, AO109296.
Col. Charles Freemen Nielsen, AO924980.
Col. Howard Archibald Rusk, AO166916.
Col. Peter Constant Sandretto, AO908471.
Col. Albert McIver Woody, AO178850.

AIR NATIONAL GUARD OF THE UNITED STATES OF THE AIR FORCE OF THE UNITED STATES

APPOINTMENTS IN THE AIR NATIONAL GUARD OF THE UNITED STATES OF THE AIR FORCE OF THE UNITED STATES UNDER THE PROVISIONS OF SECTION 38 OF THE NATIONAL DEFENSE ACT AS AMENDED

To be brigadier generals

Brig. Gen. Frederick Read Anderson, AO235349.
Brig. Gen. George Robert Dodson, AO369264.
Brig. Gen. John Munnerlyn Donalson, AO176345.
Brig. Gen. Stanford Willis Gregory, AO331838.
Brig. Gen. Lyle Emerson Halstead, AO276747.
Brig. Gen. Ray Simeon Miller, AO163634.
Brig. Gen. Joe Clair Moffitt, AO419945.
Brig. Gen. Earl Thornton Ricks, AO395254.

IN THE MARINE CORPS

The following-named midshipmen (Naval Reserve Officers' Training Corps) for permanent appointment to the grade of second lieutenant in the Marine Corps:

To be second lieutenants

David I. Carter — George T. Sargent, Jr.
Leo J. Fitzpatrick, Jr. — Cornelius F. Savage, Jr.
Heman J. Redfield III — Bruce L. Rehn

The following-named civilian college graduates for permanent appointment to the grade of second lieutenant in the Marine Corps:

To be second lieutenants

Frank F. Alagia — Don L. Keller
Alvin R. Bourgeois — Norman B. McCrary
George E. Bowker, Jr. — Anthony G. Morrison, Jr.
Clement C. Buckley, Jr. — Anthony C. Naeger
John R. Cowan — Claude L. Reynolds
John K. Davis — William R. Riddell, Jr.
Rex D. Ellison — Bryan M. Rust
Eugene D. Foxworth, Jr. — James T. Shafter
William J. Galyon — Warren A. Stark
Lawrence A. Hall — Holcombe H. Thomas
Winans D. Holliday — William V. H. White
Elmer Jenner — Allan Wilson
Ralph C. Joynes — Henry E. Wold
James W. Wood

House of Representatives

FRIDAY, AUGUST 4, 1950

The House met at 10 o'clock a. m.

The SPEAKER. The Chaplain will offer prayer.

Mr. RICH. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. We will have the prayer first, because that is not considered business.

Prayer will be offered by the Chaplain.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou who art the Supreme Ruler of the Universe and its guiding intelligence, we are again entering the sacred retreat of prayer, beseeching Thee to make our minds and hearts the shrines of Thy grace and the sanctuaries of Thy presence.

Grant that during these days, with their many difficult problems and heavy responsibilities, we may discern Thy will more clearly and be sensitive and responsive to the God-inspired impulses and follow earnestly the leading of Thy spirit which transcends the wisdom of all our own feeble plans and desires.

We pray that we may declare with undaunted faith and courage that the great moral and spiritual principles of righteousness and justice for which we are contending in the council of nations and on the fields of battle are not mere dreams and delusions but that they are written in the very constitution of that life which Thou hast ordained for all mankind.

May special revelations of insight and vision be given to our President, our Speaker, and all who share in the responsibilities of government as they seek to translate the lofty ideals of democracy into practical economic, political, and social realities and strive to make them regnant in the life of our Republic and the whole world. Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, August 3, 1950, was read and approved.

CALL OF THE HOUSE

Mr. H. CARL ANDERSEN and Mr. MANSFIELD made the point of order that a quorum was not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 222]

Abbitt	Burke	Cotton
Allen, La.	Carnahan	Davies, N. Y.
Anderson, Calif.	Chatham	Davis, Tenn.
Bonner	Christopher	Dawson
Bulwinkle	Cooper	Dingell
Dolliver	Larcade	Priest
Eaton	McMillen, Ill.	Quinn
Evins	Magee	Rivers
Frazier	Miller, Nebr.	Sabath
Gillette	Mitchell	Sadowski
Gore	Morrison	Sanborn
Gregory	Moulder	Sasscer
Gwinn	Murray, Tenn.	Smith, Kans.
Hare	Murray, Wis.	Smith, Ohio
Hébert	Norrell	Stigler
Heller	Norton	Sutton
Hinshaw	O'Brien, Mich.	Velde
Irving	O'Konski	Wheeler
Jennings	Perkins	White, Idaho
Johnson	Phillips, Tenn.	Willis
Keefe	Poulson	Wilson, Tex.
Kelley, Pa.	Powell	Winstead

The SPEAKER. On this roll call 355 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 99. Concurrent resolution relative to the reenrollment of the bill (S. 1654) for the relief of Kyra Kite Riddle.

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. LANGER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 51–3.

DEFENSE PRODUCTION ACT OF 1950

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 9176) with Mr. SMITH of Virginia in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL], as amended by the substitute offered by the gentleman from Kentucky [Mr. SPENCE].

Mr. HALLECK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HALLECK. Do I understand correctly that if this amendment which shall be presented to the Committee of the Whole for action as indicated by the Chair is defeated, that the original bill as reported by the committee is then open for amendment?

The CHAIRMAN. The committee substitute as reported, which is being treated as an original bill under the rule.

Mr. HALLECK. If the amendment is adopted, do I properly understand that then the only motion to recommit would be a straight motion?

The CHAIRMAN. The Committee of the Whole does not pass on a motion to recommit. The Speaker will pass on that when the occasion arises.

Mr. HALLECK. Mr. Chairman, might I address this further inquiry: If this pending amendment is defeated and no substitute as such in the nature of an amendment being a complete substitute is adopted, then the motion to recommit might be the so-called Kunkel substitute offered as such a motion?

The CHAIRMAN. If all substitutes to the original bill are voted down.

Mr. HALLECK. Then that motion to recommit would be in order?

The CHAIRMAN. The present occupant of the chair so understands, but that is a matter that the Speaker will have to determine when the occasion arises.

Mr. McCORMACK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McCORMACK. Further following the inquiry of the distinguished gentleman from Indiana, if the Kunkel substitute, as amended by the Spence substitute, is adopted, then the Kunkel substitute, and the committee substitute as amended by the Kunkel substitute, as amended by the Spence substitute, is adopted, we go back into the House?

The CHAIRMAN. Yes.

Mr. McCORMACK. If the Kunkel substitute, as amended by the Spence substitute, is defeated, then we will have a direct vote on the committee bill?

The CHAIRMAN. The Chair does not want to become involved in what may happen after the Committee rises.

Mr. McCORMACK. The gentleman from Massachusetts recognizes that fact, but the Chair had already become involved as a result of the inquiry made by the gentleman from Indiana [Mr.

HALLECK], so the gentleman from Massachusetts thought a little further involvement of an enlightened nature would not too unnecessarily involve the Chair, or involve him too extensively. Would the Chair care to answer my parliamentary inquiry in view of the fact that there is a partial involvement already?

The CHAIRMAN. That is not the function of the present occupant of the chair, as the gentleman from Massachusetts knows. There can be a separate vote on any or all amendments that may be adopted in the Committee of the Whole to the committee substitute amendment.

Mr. McCORMACK. I shall refrain from any further inquiry. I think the Chair has given a sufficient answer.

Mr. MICHENER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MICHENER. The distinguished majority leader has completely clarified the situation and there is no confusion at all now. Everybody understands exactly what we have been doing for the last 3 days and what some people hope we may do now.

May I ask the Chair if this is not the boiled-down situation: The gentleman from Kentucky [Mr. SPENCE] introduced the bill reported by the committee. The committee bill came to the House for consideration. When the reading of the first section had been completed the gentleman from Pennsylvania [Mr. KUNKEL] offered an amendment in the nature of a substitute. Shortly thereafter the gentleman from Kentucky, who already had one bill pending, offered another bill as a substitute for what the gentleman from Pennsylvania [Mr. KUNKEL] had offered. The House in Committee of the Whole, spend some time in perfecting, or perhaps I should say in completing the Spence substitute.

Now, if the Spence substitute prevails on a vote, we will really have the Spence substitute under the Kunkel name; that is, it will be the Spence substitute and not the substitute introduced by Mr. KUNKEL.

Mr. McCORMACK. Mr. Chairman, a point of order. Is that a parliamentary inquiry or a speech? If the gentleman wants to tell the Republicans not to vote for it, all right.

Mr. MICHENER. I do not know what the Republicans are going to do.

Mr. McCORMACK. Mr. Chairman, I withdraw my point of order.

The CHAIRMAN. The inquiry of the gentleman from Michigan, if the Chair may state, seems somewhat involved; almost as much involved as the previous parliamentary inquiries. If the gentleman will make it brief, the Chair will do his best to answer the inquiry.

Mr. MICHENER. This involved situation is what is disturbing all of us. Actually there is nothing before the House at the moment except the Kunkel amendment as amended by the Spence substitute; a yes vote kills the Kunkel substitute; a no vote is for the Kunkel substitute as against the Spence substitute.

Mr. FULTON. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FULTON. If the Spence substitute for the Kunkel amendment is voted down, will the bill then still be open for further amendment? Most of us are not satisfied.

The CHAIRMAN. If the Kunkel amendment as amended by the Spence substitute is voted down, the committee bill would then be subject to amendment.

The question is on the Kunkel amendment as amended by the Spence substitute.

Mr. McCORMACK. Mr. Chairman, on that I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. PATMAN and Mr. WOLCOTT.

The Committee divided; and the tellers reported that there were—ayes 161, noes 172.

So the Kunkel amendment, as amended, was rejected.

The CHAIRMAN. The question now recurs on the original committee amendment, which the Clerk will continue to read.

Mr. BROWN of Ohio. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BROWN of Ohio. Mr. Chairman, the parliamentary inquiry is whether under the rule adopted by the House the amendment to the original bill reported by the Committee on Rules from the Committee on Banking and Currency is to be considered as an original bill.

The CHAIRMAN. It is to be considered as an original bill, in accordance with the provisions of the rule.

Mr. BROWN of Ohio. Then, Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with, and that the amendment be considered as read, and be open for amendment at any point.

Mr. SPENCE. Mr. Chairman, I ask that the bill be read section by section.

The CHAIRMAN. The gentleman from Kentucky [Mr. SPENCE] objects. The Clerk will continue to read.

Mr. COOLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COOLEY. Mr. Chairman, what part of the bill has been read?

The CHAIRMAN. Only the first section has been read.

Mr. COOLEY. Mr. Chairman, do I understand that amendments will have to be offered to each section as it is read?

The CHAIRMAN. Under the present situation it is to be read section by section.

Mr. COOLEY. And amendments are to be offered in order?

The CHAIRMAN. Amendments may be offered to any section as the original committee amendment is being read under the general rules of the House.

Mr. CASE of South Dakota. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. Is it not true that any further substitutes that are to be offered to the bill would have to be offered at this point?

The CHAIRMAN. The gentleman is correct.

Mr. SPENCE. Mr. Chairman, I renew my request that the bill be read section by section.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may prooced at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this act to promote the national defense, by meeting, promptly and effectively, the requirements of military and other programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use.

Mr. REED of New York. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I feel that the membership of the House should have certain information which comes from an outstanding and very distinguished expert on agriculture. What is more, he has had experience with roll-backs and controls during World War II. Instead of commenting in detail on the problem which presents itself relating to the affect of regimenting our people across the board with roll-backs to the outbreak of the Korean affair, I shall insert at this point what this distinguished gentleman sets forth with great clarity:

It seems to me that this country's great strength in war or peace is the productive capacity and enterprise of its people. This capacity in peacetime is based on free action of the people and free markets.

There is no question, however, but what a total war economy will be a regimented economy. I think all of us recognize this. The job in regimenting, however, is to per-

mit as much free action, in both markets and people, as possible. Thus is preserved the very strength which has made this country great. We certainly don't want to deliberately adopt the weaknesses of the dictators in wartime.

I was very disturbed by Baruch's recommendation to Congress that this country be regimented right across the board, with roll-backs to the outbreak of the Korean affair. Having gone through the experiences of World War II, I recollect that the agricultural industry's greatest difficulty was the freezing into the economy of unbalances.

To give an illustration, soybean meal is the most important protein supply for the livestock industry. When the war broke out, it was in good supply and the price was low, about $29 per ton, Decatur. Actually, the low price then in effect had more than discounted the oversupply. This was lower in price than corn. Such a distressed price would have lasted only a few weeks in any case. It couldn't possibly be produced at that level. What happened? Shortly the country was short of protein. Black markets developed. It was used, and used wastefully, in the areas of production. It was a bone of contention and trouble through the entire war, and wound up, as I recollect, with a price ceiling of somewhere around $75 or $80—still too low. It was one of the chief headaches of the administration and the agricultural industry.

Corn was frozen as I recollect, at about 81 cents per bushel. Soon the same thing happened to this as happened to soybean meal. Eventually corn would not move out of the area of production at prices set by the administration. This finally resulted in so serious an emergency that top-level administrators were fired.

Many other feed materials were caught in the same squeeze.

Why, with all of this recent experience to guide us, should we make the same mistakes again? It is true now that some agricultural products, such as corn and wheat, are at much more realistic levels to go into a war than they were before, but not all of them.

Another example to look at. At the time that war broke out in Korea, which is the date that Baruch mentioned as determining the roll-back, eggs were 35 to 38 cents on the farm in this area. These were top-grade eggs. Some of the poorer grades were as low as 15 cents per dozen. What do you think would happen under Mr. Baruch's formula to the poultrymen, and to the production of eggs in this country, if prices were rolled back to that point? We both know that the poultry industry would either go out of business or a gigantic free market, called the black market, would develop.

If we are going to have ceilings on commodities, it seems to me that there must be some formula which could be used to determine ceilings so that commodities would be somewhere near in balance with each other, as time goes on. I should think parity on agricultural commodities, modified to meet war conditions, would be the most sensible approach, as against taking a date sometime back and assuming that everything was in proper relation, when only a casual examination will disclose glaring exceptions in major commodities and items.

Mr. MASON. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I ask unanimous consent to proceed out of order and to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MASON. Mr. Chairman, the situation in China and Korea today is the direct result of the actions of Secretary Acheson and his State Department advisers. It is the natural consequence of stubbornly following a mistaken policy in the Far East. Our present debacle in Asia could and should have been anticipated. It was not anticipated because our State Department experts—Acheson, Lattimore, Jessup—deliberately closed their eyes to facts presented to them more than 2 years ago. They refused to listen to the advice given them by such outstanding authorities on Asia as Generals MacArthur, Chennault, and Wedemeyer, men who had long first-hand experience in connection with the Asiatic situation; Dr. Wellington Koo, Chinese Ambassador to the United States, an outstanding Chinese statesman; William C. Bullit, a former American Ambassador to Russia, and Governor Thomas Dewey, two American statesmen; and Constantine Brown, an international news commentator of outstanding ability. These men, and many more that might be named, all with first-hand knowledge of the situation developing in Asia, issued warnings that, if heeded, would have prevented the mess we have in Asia today.

Mr. Chairman, the foregoing serious indictment is substantiated by evidence secured through careful painstaking research work done for me by a member of my office staff during the summer of 1948. Truly "coming events cast their shadows before them." But when our leaders refuse to take heed of those shadows, the people must suffer the consequences.

Mr. Chairman, the following quotations taken from the previously mentioned piece of research, entitled "China—An International Problem," prove in my opinion that our State Department was either asleep at the switch or stone blind insofar as the present debacle in Asia is concerned:

In an editorial entitled "China: Blunder and Bluster" which appeared in the April 5, 1948 issue of Life magazine, we find these words:

America's policy in China was, in effect, pro-Communist. Last year Dewey and TAFT and other Republican leaders demanded a fundamental revision of this absurdity. As a sop to them the Truman-Marshall State Department went to work halfheartedly on a China program. But at the same time that it put forward the policy, it seemed eager to sabotage—and Chiang Kai-Shek along with it. When he presented the program to Congress, Secretary Marshall drew the usual hopeless picture of conditions in China (corruption, etc.) and concluded that it is impossible to develop a practical, effective long-term, over-all program for economic recovery. The $570 million he asked for was merely to help retard the present rapid rate of economic deterioration and thus provide a breathing space. Call it conscience money, a holding attack, Operation Rathole: it is not a bet on the Chiang government nor a commitment to support it. . . . But the presentation of the China aid bill to Congress served one useful purpose. It brought to the fore a few expert witnesses on China who had, for one reason or another, kept silent or been kept under wraps.

Mr. Chairman, I offer the following statements from outstanding authorities on the Far East as evidence that our State Department officials have for years been asleep at the switch.

Gen. Douglas MacArthur, in a written statement presented to a congressional committee considering legislation in March 1948 to give aid to China, said:

The Chinese problem is part of a global situation which should be considered in its entirety in the orientation of American policy. * * * The international aspect of of Chinese problem, unfortunately, has become somewhat beclouded by demands for internal reform. Desirable as such reform may be, its importance is but secondary to the issue of civil strife now engulfing the land. * * * Underlying all issues in China is now the military problem. Until it is resolved little progress can be expected toward internal rehabilitation, regardless of the extent of outside aid.

Maj. Gen. Claire L. Chennault, in testifying before the same congressional committee March 1948, said:

If we fail to give Chiang military support, it will be the greatest failure of American foreign policy in all our history. * * * In my opinion, China is the key to world peace—or to victory of a third world war is precipitated.

In an article by General Chennault entitled "We Must Help China Now," which appeared in the April 1948 issue of Reader's Digest, we find this advice offered:

The time fuze of world war III is burning now in Manchuria. * * * Our obligation to help China now is clear. Morally, it is something which we, in realistic appreciation of the danger to our world, must do. Time is short and the need is great.

General Wedemeyer, testifying before the same congressional committee, said:

Two years ago I would have accepted this economic aid to China. Today it is too late. * * * We should give military aid. * * * The Chinese leaders are, I believe, honestly trying to achieve what we have in mind.

The December 1947 issue of Reader's Digest carried the article, China—a Report to the American People, by William C. Bullitt, and I quote from that article:

If President Truman were to ask General MacArthur to add to his present duties and powers the title of personal representative of the President with the rank of ambassador, and to organize with the Generalissimo a joint plan to prevent subjugation of China by the Soviet Union, the whole far eastern horizon would brighten with hope. * * * If China falls into the hands of Stalin, all Asia, including Japan, sooner or later, will fall into his hands. The manpower and resources of Asia will be mobilized against us. The independence of the United States will not live a generation longer than the independence of China.

Gov. Thomas Dewey, a close friend and associate of John Foster Dulles, in a speech on November 24, 1947, to the Columbia University Law School, New York, said:

The program of Communist world conquest of the remaining free nations is furthest advanced in China, the largest nation of all. The cold war which has become a warm war in Europe, is a very hot and successful war in China. The inescapable fact is that unless we change our national policy immediately, there is good reason to believe that the 450,000,000 people of China will fall wholly into Communist hands * * * as we take action to save the 275,000,000 people of Europe. If China falls, we may reasonably assume that all Asia is gone, and west-

ern Europe and the Americas will stand alone—very much alone in a hostile world.

Constantine Brown, one of America's best known columnists and an authority in the field of international affairs, said in an article in the July 11, 1948, issue of the Washington Evening Star:

There has never been in our history a more glaring example of short-sightedness than that which our Government has displayed in regard to China since 1946. * * * While the Russians pour war materials and technical staff advisers to the Chinese Communists, our Government spokesmen say we should not waste money and substance on China because her government is corrupt. * * * We are unwittingly helping Mr. Stalin's ambition to create world domination by a powerful Russian-led Asiatic bloc by the persistence of our wartime policy that we must avoid offending our Russian ally.

Dr. V. K. Wellington Koo, the Chinese Ambassador to the United States, in an address delivered on June 7, 1948, at Oxford, Ohio, stated:

The attention of the democratic forces is now centered in Europe, paying little heed to the serious situation in the Far East. The recent developments in the conflict between communism and democracy in China and Korea are full of omnious consequences. Important elements from both the countries of northern Korea and Outer Mongolia have clandestinely joined the Chinese Communist army and been participating in its fight against non-Communist China. It is evident that the leaders of world communism have, in fact, placed their most important stakes in this Asiatic struggle, although outwardly they give every appearance of concentrating their attention on Europe.

Mr. Chairman, these statements made more than 2 years ago by outstanding authorities on Asia and its problems, and many other statements that might be cited, are evidence of the fact that for several years past it has been a clear case of "the blind leading the blind" in our State Department. And who is responsible for the situation in the State Department? Why, the man who appoints the State Department heads; the man who has the final say-so in all foreign policy matters; the man who has full and complete responsibility for any and all mistakes because he has full and complete authority. One cannot have full responsibility without full authority, and by the same token one cannot have full authority and shirk full responsibility.

In the final analysis, therefore, Mr. Chairman, the President, Harry Truman, is responsible for the present debacle in Asia; he is the one who has been making the final decisions to write off Manchuria, China, Korea, Formosa, as not vital or necessary to our defense line in Asia; and then overnight, without a moment's notice, he ordered General MacArthur to send troops to defend South Korea.

This sudden reversal on the part of the President, to my mind is a confession that he has been wrong in his attitude toward Asia; that he has been following bad advisers on matters concerning Asia; that he now sees his mistakes and recognizes the fact that they were serious, costly mistakes; and that now he has decided to rectify those mistakes no matter what the cost.

As a logical result of this sudden conversion, of his right-about-face in Asia, he should now cut loose from the men who have led him astray, and select new advisers on Asiatic problems, men who have had long first-hand experience with the problems of the Far East.

Mr. Chairman, the American people expect the President to make a change in the State Department very soon, and they hope and pray that change, when made, will be a wise one.

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I have a few remarks to make which have no direct relationship to this bill, but do have relationship to one of the distinguished Members of this House, and I am confident all the Members of the House will join with me in what I say without regard to how individual Members may feel on this particular bill or any part thereof. I believe I express the sentiment of the membership of the House individually and collectively when I state that we have a profound feeling of respect and admiration for our distinguished friend from Kentucky [Mr. SPENCE]. He is truly one of the noblest men you and I ever could meet, a great legislator and public official, a man honorable and trustworthy in every way. I refer to him today because with his primary coming up tomorrow in Kentucky he is staying here performing his duties to the people not only of his district and State but of the entire country. I believe that the people of his district should know the high regard that we have for him and that they are justified in feeling proud of this distinguished gentleman who has so ably represented them for so many years, and that we in the House appreciate the sacrifices he is willing to make for his country.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I am glad to yield to the Speaker.

Mr. RAYBURN. I wish to join in and echo everything said by our distinguished majority leader and to express our deep appreciation to the gentleman from Kentucky that although on tomorrow his primary is coming up he stays here to attend to his duties as a Member of the House and as a representative of his people. I have served with many men and women in the House of Representatives, more than 2,500, in my career. I have never served with a nobler, a better, or a more patriotic Representative than the gentleman from Kentucky [Mr. SPENCE].

Mr. RICH. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. RICH asked and was given permission to revise and extend his remarks.)

Mr. RICH. Mr. Chairman, controls again. Congress is being stampeded into controls, which if enacted into law will place us in the position whereby it will give the President such great power I am fearful you will never get the power away from him.

If we are to freeze prices of merchandise, manufacturers' profits, farmers' income, wages, and freeze everything as of July 1 for the duration of the Truman-Korean war, possibly I would be in favor of it in order to keep this country from going wild on making it a land of scarcity for those who have not the wherewithal or finances to take care of themselves but make our economy a haven for black markets, and people who want to profiteer at the expense of the general public.

Today our country faces its greatest danger in its history, from abroad and at home. The extent to which this Truman war in Korea has taken and might take us nobody knows. We in this country today, and especially we in Congress, do not know what the policy of this administration is, and we cannot find out. The power was given to the President and he has not surrendered any of it, and this New Deal Congress is not taking any of it away from him. Was it not the responsibility of the Congress to determine whether we should send troops into Korea, or any other country? That is a function of Congress, and that power should always remain in the Congress. It was so intended by the framers of our Constitution. But from day to day the administration asks the Congress for more and more power, and the majority of the Congress, composed of the Democrats within the administration, grants that power to the President. I say you are in a mess today, and in a terrible mess. I am an American, and I want to support the American Government and the American people in the American way, but I do not believe in making a dictator of the President of the United States, and I believe the President we now have would love that power.

This legislation today calls for granting the President the power to do all this regulating. He can put the screws on anywhere he sees fit, and allow those to go unregulated whom he thinks it would be to his advantage not to be covered. It does not pay to underestimate the tenacity or the cleverness of the collectivists. Whether they are Communists or Socialists, they all alike seize upon every opening to accelerate the drift toward statism, and I think this bill is just such a piece of cleverness. I think the Members of Congress are being taken for a joy ride by those departments of Government now influenced to such a great extent by the socialists, and the entrance of our President with our military forces into the Korean war gives them a golden opportunity to advance their program. I for one do not want to be led by their cleverness any longer, nor do I want the people I represent to be drawn into such a position that later on they might say, "Well, BOB RICH, you are easy. You are just gullible. You voted for the things this administration requested under the guise that it is good for the country." I cannot see it that way. I think it is bad for the country to pass legislation telling Mr. President we give you the power and you can put the screws on the people anywhere you want to, at any time you command. That does not sound good to me: the fact of the matter is it sounds terrible to think that this Congress, men who are sup-

posed to be intelligent, men who are supposed to have the degree of business acumen to do the things that make our country a better place in which to live, things that would take care of all the people during such an emergency as now confronts us, should now pass legislation such as this. God give us men, great men, men who will try to do the thing that is best for the people of the United States in order that we might assist to the extent of our ability other nations to carry out the golden rule as directed by divine law, "Do unto others as ye would that men should do unto you."

This business of building up a great military machine in all the nations of the world is as wrong as anything can possibly be. It only leads into war and more war, and every Member of Congress should know that. Have you forgotten that we gave Russia $12,500,000,000; China $2,500,000,000. Are you satisfied that Russia and the Communists of China now have all this war equipment? We are only building up war machines in other nations, to be used, and when they are used will they be used for good or will they follow the example set in those countries where we have already helped build up a war machine and will the moneys be used as that given to aid Russia and China? It helps the other fellow, not America.

If that is not lesson enough for us, God give you strength and help. I think you need it. I do not propose to vote for $1 to arm these European countries. I believe it is wrong. Nor do I propose to vote to regulate everything in this country when and if the President of the United States sees fit to place those regulations on our people. He has proven to me beyond all doubt he is too much of a politician. That seems to come first with him, before he is interested in doing the thing that is best for the country. I dislike to make that statement, but I have every reason to make it because I think I am speaking the truth.

Freeze economy by direct act of Congress only for the duration of the Korean war. But for goodness sake do not give the power to the President to freeze when he wants, as he wants, so long as he wants. It is un-American, and for that reason I cannot support this legislation.

Mr. CRAWFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD: Page 28, strike out section 2 and insert the following:

"DECLARATION OF POLICY AND PURPOSES OF ACT

"SEC. 2. It is hereby declared that it is in the interest of the national defense and security and the purposes of title II are (a) to preserve the value of the national currency against the consequences of price and credit inflation; (b) to stabilize prices, wages, and salaries and to prevent speculative, unwarranted, and abnormal increases therein; (c) to prevent economic disturbances, labor disputes, burdens upon interstate and foreign commerce, interference with the effective use of the Nation's resources for defense, and impairment of national unity and morale, which would result from unwarranted increases in prices, wages, salaries, and the cost of living; (d) to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; (e) to prevent prospects of increases in prices, wages, and salaries from encouraging the accumulation and hoarding of materials needed for national defense, and from impending long-term commitments for production; (f) to assure that defense appropriations are not dissipated by excessive prices, wages, and salaries; (g) to obtain the maximum necessary production without undue profits to low-cost producers; (h) to protect persons with relatively fixed incomes, investors, and persons dependent on life insurance, annuities, and pensions, from undue impairment of their standard of living; (i) to prevent a post-emergency collapse of values, and the reappearance of price and cost disparities for farmers and other primary producers; and (j) to provide procedures for administration and review which will fairly protect the interests of those subject to this act, without endangering the dominant public interest in the accomplishment of the foregoing purposes.

"It is further declared that it is necessary for the national defense and security, and to accomplish the objectives of this act that if the price and supply controls are invoked by the President, the wage controls authorized hereunder shall simultaneously be put into effect. It is further declared to be the policy of this act that all of the controls provide hereunder for the control of costs, including prices, wages, rationing, allocations, and limitations, shall, insofar as practicable, be put into effect at the same time so that, for a period at least, there will be a general ceiling over the economy and a period of general stabilization during which it will be possible to determine with reasonable accuracy in what areas the continuation of controls is necessary and in what areas controls may safely be released.

"To enable the Government to provide for the national defense and to carry out our foreign commitments made in conformity with the Charter of the United Nations and other foreign commitments, certain materials and facilities must be diverted from civilian use to military purposes and productive facilities must be expanded beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected. It is the objective of titles III, IV, and V to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by such titles in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use."

Mr. CRAWFORD. Mr. Chairman, section 2, Declaration of Policy, which appears in H. R. 9176, reaches out and picks up the United Nations Organization and the Charter of that organization and places it in a bill here which has to do with our internal economy strictly, and lays that down as a declaration of policy. In my opinion, section 2 which I propose to strike out, is in effect a reenactment by this House of the Charter of the United Nations. I do not believe it has any place in this bill whatsoever.

Mr. Chairman, we are dealing here strictly with the internal economy of the United States with respect to production, sales, wages, prices, and so on down the line, as has been covered in the discussion here in the last few days. As I stated on the floor yesterday, I have not yet been able to comprehend why this distinguished committee would place such a section in a bill of this nature.

Now, going to the declaration of policy which appears in H. R. 9308, the so-called Kunkel bill, there is a declaration of policy which is clear-cut and deals specifically with the subject matter of the bill, in other words, our internal economy. I believe every Member of this House knows exactly what I mean. I do not care to take any additional time discussing the proposition.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SPENCE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Michigan.

Mr. Chairman, this identical amendment was not agreed to by the committee when proposed to the substitute yesterday. It would mean a repudiation of the President's message, it would mean a repudiation of the United Nations, it would mean that we oppose collective action in order to suppress a world war.

It seems to me it is unfortunate to introduce this character of amendment at the present time when we are fighting to preserve the liberties that we have enjoyed and when our soldiers have their backs to the wall.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Texas.

Mr. PATMAN. Is it not a fact that the declaration of policy in the committee bill is for the purpose of outlining the objects and purposes of that particular bill, and in the Kunkel amendment it is proposed to have a much broader bill and includes a lot of sections that are not in the committee bill at all?

Mr. SPENCE. That is true.

Mr. PATMAN. Therefore it does not apply to many sections of the committee bill.

Mr. SPENCE. If it does apply, it would be a dangerous thing to adopt at this time.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Pennsylvania.

Mr. BUCHANAN. The declaration of policy in the original committee bill has a dual purpose. It ties in the strengthening of our domestic economy with the role we are to play here in the international crisis as the result of the Korean incident. I believe that the whole pur-

port of this emergency legislation, to protect the domestic economy, now would be lost in its entirety if the declaration of policy is stricken from the committee bill, and I ask that it be rejected as it was yesterday.

Mr. SPENCE. I ask for a vote, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. CRAWFORD].

The question was taken; and on a division (demanded by Mr. CRAWFORD) there were—ayes 91, noes 131.

So the amendment was rejected.

The Clerk read as follows:

Page 29, line 11:

"TITLE I—PRIORITIES AND ALLOCATIONS

"SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or order by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense: *Provided*, That this authority shall not be used to ration at the retail level consumer goods for household or personal use.

"SEC. 102. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than 1 year, or both."

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer an amendment:

The Clerk read as follows:

Amendment offered by Mr. HOFFMAN of Michigan: On page 30, line 5, add a new title, "To stabilize prices, prevent inflation, and control production," and add the following:

"SEC. 1. (a) Experience has shown that inequality in the distribution of the burden of preparing for national defense creates discord and lessens the effectiveness of the Army and the Navy and the industrial structure upon which both depend for effective operation.

"(b) Experience has demonstrated that in time of war there is opportunity for unjust enrichment of a few at the expense of many and that by taking advantage of that situation the few enrich themselves creating disunity which tends to minimize defense efforts.

"SEC. 2. Within 10 days after this act becomes law it shall be the duty of the Secretaries of National Defense, Army, Navy, Air Force, Treasury, Commerce, and Labor, or of the persons duly designated by each, to meet and, based upon the last 6 months of 1944 and the 6 months beginning with January 1, 1950, or upon any two similar periods in any other 2 years as such persons select, determine and publish within 30 days of such meeting a schedule of prices which shall represent the fair average prices of all materials and services which may be determined to be basic commonly used materials and services and which shall include materials and products raised upon the farms and services rendered upon farms and in industries and elsewhere.

"SEC. 3. It shall be unlawful for any person (and the term 'person' shall include individuals, partnerships, corporations, associations, and organizations) knowingly, more than 70 days after the publication of such fair basic prices, to ask or receive a greater sum for materials or services or a combination of the two than the price fixed in such schedule.

"SEC. 4. It shall be the duty of law-enforcing and prosecuting officers of the Federal, State, county, and municipal government of the respective States to act as enforcement agents of the provisions of the act and to apprehend and prosecute willful violations thereof, and they are hereby charged with that duty.

"Such enforcement shall be instituted and carried on by such officers upon their own initiative and for failure to enforce provisions of this act such officer shall be liable to any and all penalties imposed by Federal State, or municipal law for neglect of like duty under Federal, State, or municipal law.

"Any individual shall have the right to make complaint under oath to any enforcement officer above designated whenever he believes a violation of this act has occurred. It shall be the duty of such enforcement officer above designated to investigate and if there be, in his judgment, just cause, to prosecute the person so charged with a violation of the act.

"SEC. 5. Any person violating any of the provisions of this act shall, upon conviction, be subject for each offense to a fine of not more than $1,000 or imprisonment of not more than 1 year, or both.

"SEC. 6. In addition to the penalty herein provided, every person violating this act and who has knowingly received a greater sum for services or materials, or a combination of the two, than that fixed in the manner hereinbefore provided, shall forfeit a like sum to the United States to be recovered for the Government by action instituted by any of the officers hereinbefore designated."

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. HOFFMAN of Michigan. I yield.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. WOLCOTT. Mr. Chairman, I object.

AMENDMENT TO STABILIZE PRICES AND WAGES, PREVENT INFLATION

Mr. HOFFMAN of Michigan. Mr. Chairman, in the amendment which I have offered, there are two errors. On page 2, in line 8, the figure "1944", should have been "1949", and, in lines 9 and 10, the words "or upon any two similar periods in any other 2 years as such persons select", are surplusage and should be stricken.

Wednesday, August 2, our colleague from Michigan [Mr. POTTER] of whom the Michigan delegation is all so proud and who, during his time here, has rendered distinguished service to his district, called for all-out mobilization.

Our colleague, from personal experience, knows about war, what it means and what it calls for in the way of personal sacrifice, for he left both of his legs on a battlefield in France in World War II.

He told us a little—just a very little—about the feelings of those who in that war were giving so much, while here at home, men living with their families, with all the comforts of home, receiving many times the enlisted man's pay, refused to work unless their wage demands were met.

That some labor organizations, a few led by known Communists, sabotaged production which was necessary if our colleague, the gentleman from Michigan [Mr. POTTER], and those serving with him in that war were to be equipped is a matter of record. In spite of the solemn pledges of some labor leaders, there were, during the war, many strikes which slowed down the war effort, which may in some places have caused loss of life.

When our colleague called for complete mobilization, he was speaking from the mind, as well as from the heart. The ovation he received at the close of his remarks, well deserved as it was, indicated that the House was in accord with his thinking.

Stabilization of prices and of wages is an essential part of any worth-while mobilization effort.

Price-fixing, rationing, the power of allocation of materials granted to the administration during the last war, did not solve the problems then confronting us. They did result in the creation of several new boards and agencies, two of which, the War Labor Board and the War Manpower Commission, usurped the powers of Congress, gave out rules and regulations which to all intents and purposes had the force of regulation.

Under the powers then granted the executive department, a horde of snoopers, investigators, and enforcement officers was appointed.

The result was confusion, dissatisfaction, the unnecessary expenditure of millions of dollars.

The remedy which we need and which would be effective is a simple one. It calls for the services of but one board, the members of which are already in office, already under pay by the Federal Government.

The bill can be enforced without the employment of a single additional Federal employee other than the employees of the one board which will establish fair prices, fair compensation for services rendered.

This bill calls upon the Secretaries of National Defense, Army, Navy, Air Force, Treasury, Commerce, and Labor, or persons designated by them—and it well might be amended to limit the members of the board to the Secretaries of Commerce and Labor or the individuals designated by them—to meet and, based upon the last 6 months of 1949 and the first 6 months of 1950, establish a schedule of fair average prices for all things, materials, and services determined to be basic commonly used things, materials, or services, including those things produced upon the farms, in industry or elsewhere.

That schedule would give to every individual the price which he should pay, which he should charge, for anything he purchased or sold, for any service he rendered or bought. The prices so fixed would be a matter of public record. They would be carried in the press.

Do I hear you ask, if there are to be no additional Federal employees, who is to enforce the law?

Section 5 provides that it shall be the duty of the law-enforcing and prosecuting officials of the Federal, State, county, and municipal governments of the States, to act as enforcement agencies—just as those officials now act for the enforcement of Federal and State laws, municipal ordinances.

The section also provides that any individual who has been gypped by a profiteer can make complaint and obtain a warrant from any Federal, State, or local officer.

The individual charged with the offense would be tried either in a Federal or in a local court before a jury of his neighbors. Practically all complaints would be made, all cases prosecuted and tried in the local courts.

There can be no argument about the effectiveness of such a measure. Any housewife, any individual, would not hesitate for one moment to aid in the prosecution of a black-market operator, a profiteer.

Individuals found guilty, and all charged would have the privilege of a jury trial, would be subject to fine and imprisonment, or both.

There is no question but that such a measure would end profiteering, black-markets; that it would be effective.

Unlike practically all emergency legislation, the amendment does not call for several thousand or several hundred thousand additional Federal employees. It guarantees a fair and an impartial trial to everyone. It would prevent the imposition, at the whim of some bureaucrat, of penalties which were unjust.

If the Congress wants legislation which will stabilize prices and wages, prevent runaway inflation, exorbitant profits; give an equal distribution of services and things which are for sale, this amendment, if adopted, will do the job.

Perhaps it is too simple, too economical, for the administration to accept.

It is offered in good faith as a common-sense solution of a problem which to date has had no solution.

Now, Mr. Chairman, I am sorry that I did not know the plans of the Republican leadership. I introduced a similar bill a long time ago on another occasion, on November 14, 1940, but it got nowhere. When I was about to offer it just now as an amendment, I was told by our ranking minority member on the Committee on Banking and Currency, the gentleman from Michigan [Mr. WOLCOTT], my esteemed colleague, that I was just gumming up the works. Well, maybe I am; I did not so intend. The amendment is simple; it would be effective. It could be enforced without any large number of additional Federal employees.

But I am never consulted by the political leadership on strategy. I am not asked for my opinion on anything. Representing the Fourth Congressional District of the State of Michigan, all I can do is to come here and try in my feeble way and try to do something about things that need fixing. If I do not succeed, I hope the folks back home will say, "Well, you made a try, old man—we will send you back for two more years and maybe the other fellows will get tired of following an administration which so far has failed to give us anything other than debt, higher taxes, and war.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment—or bill—which has been offered by the gentleman from Michigan [Mr. HOFFMAN] is very indefinite and vague, except in one particular. It demands that the Secretary of National Defense, the Secretary of the Army and the Navy and the Air Force quit everything that they are doing in Korea and elsewhere and come right back here and within 30 days do something which is impossible for anybody on earth to do within 30 days' time.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman.

Mr. HOFFMAN of Michigan. For a correction.

Mr. PATMAN. I yield.

Mr. HOFFMAN of Michigan. It does say the Secretary or any person designated by them. It does not mean that those Secretaries quit their jobs, any more than that the President quit his job.

Mr. PATMAN. That is not nearly as vague and indefinite as some of the other things in the bill. It provides that they shall meet, and, based upon the last 6 months of 1944 and the 6 months beginning January 1, 1950, or upon any two similar periods in any other 2 years. The bill is not definite as to the time. Take 6 months of 1944 and 6 months of 1950, and if they do not like that they can take any other time in any other 2 years. I do not see how you can write language any more indefinite or confusing than that. It does not define what the offense must be in the criminal code in order to convict a person. You must set out in an indictment what the person is charged with or what he is supposed to be guilty of. This bill does not set out any offense at all. No prosecuting attorney could possibly write a complaint or an indictment charging any individual with violating this Act except the Secretary of National Defense, the Army, the Navy, and the Air Force. It is very plain that they must quit fighting this war and come back here——

Mr. SUTTON. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. SUTTON. You could take the years 1901 and 1902, could you not?

Mr. PATMAN. Certainly. It says "upon any other two similar periods in any other 2 years." You could go back to 1876, if you wanted to, or any 2 years that they wanted to select. Of course, that is loose enough to where you could take any period within the century. It does not make any difference at all. But the point is, this requires a fine of $1,000 and imprisonment of not more than 1 year. Would it not be ridiculous for the Congress to pass a law saying to the people who are fighting this war, the generals and the Secretaries of the Army, the Navy, the Air Force, and the War Department: "If you do not come back here and stop everything else for 30 days and take over our entire economy and fix the prices of everything, we are going to put you in jail for a year."

That is exactly what it says. I ask any Member of this House who has been a prosecuting attorney to look at this bill and see if it would be possible to draw an indictment or a complaint against any person that would stand up in any court in the land. Certainly, the House would make itself very ridiculous to pass such a loosely drawn and confusing bill, and one which would immediately demand that the war be stopped for the people who are running the war to come back here and take over our economy.

The amendment should be defeated.

The CHAIRMAN. The time of the gentleman from Texas has expired.

The question is on agreeing to the amendment offered by the gentleman from Michigan [Mr. HOFFMAN].

The amendment was rejected.

Mr. ROGERS of Florida. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Florida: Page 30, after line 5, insert the following new section:

"SEC. 103. It is hereby made unlawful for any person willfully to hoard any necessaries. The term 'necessaries' as used in this section means foods; feeds; wearing apparel; automobile tires; containers primarily designed or intended for containing foods, feeds, or fertilizers; fuel, including fuel oil and natural gas; fertilizer and fertilizer ingredients; tools, utensils, implements, machinery, and equipment required for the actual production of the above-named articles and materials; and any other articles and materials the equitable distribution of which the President shall find, and shall by proclamation declare, to be essential to carry out the purposes of this act. Necessaries shall be deemed to be hoarded within the meaning of this section when either (a) held, contracted for, or arranged for by any person in a quantity in excess of his reasonable requirements for use or consumption by himself and dependents for a reasonable time; (b) held, contracted for, or arranged for by any manufacturer, wholesaler, retailer, or other dealer in a quantity in excess of the reasonable requirements of his business for use or sale by him for a reasonable time or reasonably required to furnish necessaries produced in surplus quantities seasonably throughout the period of scant or no production, or (c) withheld whether by possession or under any contract or arrangement from the market by any person for the purpose of unreasonably increasing or diminishing the price: *Provided*, That this section shall not apply to futures trading transactions on any commodity exchange or board of trade or to any person with respect to farm products produced or raised upon land owned, leased, or cultivated by him."

Mr. BUCHANAN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BUCHANAN. I make the point of order against the amendment that it is not germane to title I of the bill.

The CHAIRMAN. In view of the broad scope of this bill, it is the opinion of the Chair that the amendment is properly in order at this place.

The point of order is overruled.

Mr. ROGERS of Florida. Mr. Chairman, I am serious in proposing this amendment. I do not see why a person

who has the welfare of the country at heart should be against the principle it contains. There is just one thing contained in this amendment, and that is that it makes it unlawful to hoard necessaries. There is no law against hoarding now. Is there a true American who believes in trying to hold down prices who would hoard necessaries? "Necessaries" is defined in the amendment that I am proposing.

The cause of increase in prices today is hoarding. If you control hoarding you control prices. Why have we had such a rise in commodity prices at the present time in spite of the fact that we have an ample supply everywhere? The answer is hoarding. When a man goes out, accumulates and hoards property and necessaries they are taken away from those who ought to have them; it makes it possible for prices to continue to rise. If you will give me a law—and that it what we are asking for here, for there is no law against hoarding at the present time—if you will give me a law to control hoarding then we will not have to call on the President to give us another OPA.

In 1917, to be exact, on August 10, 1917, just previous to World War I, the Congress passed the Lever Act. This amendment that I am offering was included in the Lever Act at that time. The Supreme Court of the United States held the Lever Act to be valid. In the case of *U. S.* v. *Swedlow* (264 F. Rep. 1016), the district court of Colorado held section 6 of said Lever Act valid and constitutional. Also in the case of *Merritt* v. *U. S.* (Circuit Court of Appeals, Ninth Circuit, reported in 264 F. Rep., p. 870), upheld a definition of hoarding of necessaries and held the conviction of Merritt justified by lower court.

My amendment is designed to protect the ordinary common man to assure that he shall find the necessaries of life when he needs them, as well as to prevent a continual spiral rise in the price of necessaries.

Let me say to the membership of the House that the identical principle I am discussing here is included in the Senate bill. There is a little difference in wording, but the principle is in the Senate bill as it has been reported out. I can see no objection to the amendment. We in the House are trying to do something constructive for the Nation in time of peril and emergency. I do not see how any patriotic man can say we should not have a law against hoarding the necessaries of life in times of emergency.

Mr. CROOK. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield.

Mr. CROOK. I am diametrically opposed to the principle of hoarding, but I want to ask the gentleman if he can define "hoarding" and who is going to pass upon the question of hoarding?

Mr. ROGERS of Florida. Yes; it has been defined. That is what I have been trying to explain here. My amendment follows the language used in defining "hoarding."

Mr. CROOK. What is hoarding?

Mr. ROGERS of Florida. If the gentleman will read my amendment he will see that hoarding is well defined.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield.

Mr. COOLEY. I will ask the gentleman if his amendment does not define hoarding?

Mr. ROGERS of Florida. It absolutely defines hoarding.

Mr. COOLEY. And the definition contained in the gentleman's amendment has been approved by the court?

Mr. ROGERS of Florida. This has been approved by the court and a man was convicted for hoarding 500 pounds of sugar.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. Let me first answer the question of Mr. Crook about the definition of "hoarding." Hoarding was defined by the Circuit Court of Appeals of the Ninth Circuit in the case of *Merritt* v. *United States* (264 F. Rep. 871):

> Prohibiting the hoarding of necessaries and providing that necessaries shall be deemed hoarded when held, contracted for, or arranged for by any person in a quantity in excess of his reasonable requirements for use or consumption by himself and dependents for a reasonable time, is not void for indefiniteness and uncertainty as to the meaning of the word "hoarded."

Also, hoarding is defined in the case of *United States* v. *Swedlow* (264 F. Rep. 1018):

> To hoard means "to collect and lay up; to amass and deposit in secret; to store secretly; as, to hoard grain or provisions; to hoard silver and gold." (Webster's Unabriged Dictionary.)

Hoarding as used in this amendment amounts to secret storing away, accumulating and collecting and laying up of necessaries not then needed and taking them out of the channels of trade and commerce; or, contracted for, or arranged for by any persons in a quantity in excess of his reasonable requirements for use or consumption by himself and dependents for a reasonable time.

Mr. COX. The courts have defined it?

Mr. ROGERS of Florida. Yes, the courts have defined it.

Mr. COX. I agree with the gentleman, there ought to be a law against hoarding, but does not the gentleman think it would be well to withold consideration of that matter and give the committee time to study and to report a comprehensive bill, that for the moment we adhere to the provisions of the pending bill?

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. ROGERS of Florida. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. COX. I agree that there ought to be a law to prevent hoarding, but in view of all the circumstances that have developed here in the consideration of this matter during the past several days, does not the gentleman think it would be well to give that subject further consideration by the committee when it comes to a reexamination of the whole question with a view to reporting a comprehensive bill?

Mr. ROGERS of Florida. I will answer the gentleman by saying that now is the time for action. We are in an emergency. People are hoarding. They are even putting out signs saying "We do not hoard."

Mr. COX. In view of the fact there has been no committee examination of the question——

Mr. ROGERS of Florida. We do not need any examination. Any man with common sense knows what hoarding is. We have no law against it. Why should we neglect putting it in here when the Senate has put it in their reported bill?

Mr. COX. May I complete my statement? That for the time being it would be well to adhere to the Spence amendment, striking possibly the exchange commodity provision and the provision dealing with real estate?

Mr. ROGERS of Florida. This does not interfere at all with the other provisions of the bill.

Mr. COX. We are dealing with very, very important questions that ought to have committee consideration.

Mr. ROGERS of Florida. The gentleman will realize that this entire bill, or some of it, has not had any consideration. It does not take any long-involved consideration to define "hoarding." Here is what the Senate has in its bill. Let me read it. It is practically what I have in my amendment. Here is what the Senate reports:

> SEC. 102. No person shall accumulate (1) materials in excess of the reasonable and normal demands of business or home consumption, or (2) materials in short supply for the purpose of resale at prices in excess of prevailing market prices which have been designated by the President as scarce materials or materials the supply of which would be threatened by such accumulation. The President shall order published in the Federal Register, and in such other manner as he may deem appropriate, every designation of materials the accumulation of which is unlawful and any withdrawal of such designation.
>
> SEC. 103. Any person who wilfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than 1 year, or both.

The same penalty applies in my amendment, a fine of $10,000 or 1 year or both. There is no difference. The identical principle is involved here.

My main objective by this amendment is to outlaw hoarding which is a basic cause of increase in prices. The quickest way we can act is too slow. We need this law and I hope no patriotic American will try to raise technical objections but will vote for something that will protect the American people at this time when prices are going sky high. Hoarding is being indulged in. You can get at it by this amendment and it will work. It will possibly prevent the President

putting in another OPA. None of us favors an OPA if we can get around it but unless we have an antihoarding law certainly we may expect an OPA.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from Colorado.

Mr. CARROLL. The gentleman should be commended for offering this amendment. The standards indicated in the amendment are sufficient, perhaps, but should it not come back of wage and price stabilization rather than in back of priorities and allocations where the gentleman has offered his amendment?

Mr. ROGERS of Florida. I will say to the gentleman it will do the job, and you can put it any place in the bill. This is to have something done, and it can be done right here, as well as in any other section of the bill.

Mrs. DOUGLAS. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentlewoman from California.

Mrs. DOUGLAS. I rise to commend the gentleman for his amendment, and I think it ought to be adopted by the committee. It will permit immediate measures to be taken against unnecessary accumulation of inventories and individual hoarding. If there are technicalities in the amendment that have to be worked out, they can be worked out in conference.

Now is the time to pass anti-hoarding and antiinventory accumulation legislation. The gentleman is quite right in saying that hoarding and inventory buying beyond what is reasonably needed is forcing up prices at this time. It is not scarcity that is forcing up prices, but hoarding, and I think this amendment ought to be passed. I do not care whether the amendment belongs in this section or any other section; that is quite beside the point. It is so completely contrary to the interest and the well-being of the country for individuals or business enterprises to hoard supplies as to make such practices practically a crime against the community.

Mr. ROGERS of Florida. I thank the gentlewoman from California. This is one time we agree.

Mr. Chairman, I hope the committee will accept this amendment. It will strengthen the present bill and will in no way detract from any other provisions of the bill. A law against hoarding will have a salutary effect psychologically and will prove invaluable in the prevention in the rise in price of necessities.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes, with the last 5 minutes to be reserved to the committee.

Mr. TACKETT. I object, Mr. Chairman.

Mr. SPENCE. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 10 minutes, with the last 5 minutes to be reserved to the committee.

Mr. KEATING. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. KEATING. The reservation of time by the committee is out of order.

The CHAIRMAN. The point of order is sustained.

Mr. SPENCE. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 10 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman, the amendment offered by the gentleman from Florida, with one exception, is the same amendment that was offered yesterday and defeated. While all good intentions and purposes are met here by an amendment to prevent hoarding, nevertheless we are not in a period of scarcity as far as foodstuffs are concerned; we are in a period of surpluses. This would be an open invitation to start hoarding. I wonder what would happen here under section (a) to a housewife who goes out and starts to hoard sugar or shortening or any other commodity, and just where would we get this large army of snoopers to go about the country pouring into people's cellars and into their back yards and into their barns and everywhere else? I believe the Committee ought to have ample time to fairly consider an amendment with this broad, sweeping connotation. The intent and purpose is good and it sounds fine, but there are a lot of things involved. If I correctly heard the amendment proposed, the gentleman strikes out in the proviso that part which states that it shall not apply to future trading transactions. It applies only to personal hoarding, but still permits as far as commodity exchanges are concerned, to continue to do the very thing that is a major factor in speculation.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from New York.

Mr. MULTER. In other words, the exception in the amendment is that a gambler on the exchanges is exempted from any prosecution. He can do as he pleases.

Mr. BUCHANAN. Exactly, and the housewife is the victim.

Let us give this due consideration. You are getting into something now that just cannot be settled in a few minutes on the floor. I think our actions here in the last 3 days indicate that. I ask that this amendment be rejected on that basis.

Mr. COOLEY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, yesterday when this amendment was offered by the gentleman from Florida [Mr. ROGERS] the committee objected to it because it had not had an opportunity to consider the amendment. The amendment was printed in the CONGRESSIONAL RECORD, and now the committee has had an opportunity to consider it.

Further objection was made to it for the reason that in the last proviso it exempted farmers. Now the gentleman from Florida has modified the amendment so as to leave out that objectionable feature, but still it does not meet with the approval of the members of the committee. Actually, if you are in good faith doing what you say you are trying to do, you are trying to prevent the very thing that the gentleman from Florida is trying to outlaw.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Pennsylvania.

Mr. BUCHANAN. The proviso is still there, while the term "farm products" is stricken.

Mr. COOLEY. "Farm products" is stricken out.

Mr. BUCHANAN. But the proviso is still there.

Mr. COOLEY. Yes, and the gentleman knows that there is no hoarding on the commodity exchanges. It is only future trading. There is no hoarding there.

I think this amendment is not only germane but important. You are going to have a chance in a few minutes to say whether or not you are willing to outlaw hoarding. You cannot be technical about it because the gentleman from Florida [Mr. ROGERS] has done some research on it. In the House yesterday he gave opinions of district courts and I think one of the Supreme Court sustaining convictions under a statute of similar character.

As to the question of defining hoarding, hoarding is defined in this amendment. "Necessaries" is also defined in the amendment. The purpose of it and the intent of it is perfectly clear.

I agree with the gentlewoman from California that this amendment probably should be written into the preamble. It should be the very first thing Congress should outlaw. Now you have a precedent for outlawing it. If you vote against this amendment, it is tantamount to saying that you are unwilling to do in truth the thing which you profess to do, and that is to prevent hoarding, which might result in inflation and in hardships to many poor people who are unable financially to go out and acquire these things.

Another thing, a gentleman on the committee said we should not do this now because we have ample supplies. Is the gentleman in effect saying to the House that we are not now faced with hoarding, hoarding on every hand? Are you going to wait until the house is on fire, until we are facing a desperate situation, before you are willing to outlaw this great offense against the people of this country?

Mr. STEED. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Oklahoma.

Mr. STEED. Is it not true that if it were not for hoarding and profiteering most of the need for this legislation would disappear?

Mr. COOLEY. I agree. If you can stop hoarding you do not need this legislation, because then we can have an even and reasonable distribution of the things we have in this country.

Hoarding brings about the necessity for control programs. If you are going to put on price ceilings and you are going to prosecute people for violating those price ceilings, why not prosecute the man who fills his basement with automobile tires and tubes and fills his pantry with all of the things he needs—all of the necessaries of life.

This amendment not only defines what constitutes necessaries, but gives the President the right to add to the list of necessaries as time goes on and as things become in short supply. The President can say such-and-such a thing is a necessity and add it to the list. When he does, if a man hoards it he is in violation of the law and can be prosecuted.

Just think of the psychological effect of this amendment. I do not think you will have any prosecutions because I think by and large the American people want to be law-abiding. If the housewife or the head of the household knows that they are violating the sanctity of Federal law which carries with it imprisonment or punishment by fine, they are going to hesitate before they violate that law.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. BUCHANAN. Is it not a fact that this is an open invitation to hoarding?

Mr. COOLEY. No, no—people do not need any invitation to hoard. Korea was an invitation to hoard. The gentleman knows that since the Korean affair that hoarding has been on the upgrade.

Mr. BUCHANAN. We have a situation today where there are surpluses and this is an open invitation to hoard those surpluses and reduce the surpluses to a scarcity.

Mr. COOLEY. No; people are not hoarding surpluses; they are hoarding things that are scarce.

I just cannot see any logical or reasonable objection to the amendment offered by the gentleman Florida [Mr. ROGERS]. I think the amendment should be adopted.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. JAVITS. Will the gentleman address himself to the question whether this is not a prohibition amendment in view of the definition which says, and I quote, "in excess of his reasonable requirements"? Is not that a separate law case in the matter of every housewife and every family? I ask that very sincerely. I am very worried about the prohibition aspect of it.

Mr. COOLEY. Sure; the prohibition is against the accumulation of an excessive supply.

Mr. JAVITS. I mean that it is tantamount to the liquor law prohibition in the way of the indefiniteness of the prohibition and the number of prosecutions which may be involved.

Mr. COOLEY. No; there is nothing here that prohibits the acquisition of necessaries. The prohibition is against the accumulation of excessive supplies. The amendment defines hoarding and defines necessaries and lays down in the law a formula. When a prima facie case is made out then the person accused may come forward with an explanation of how he came by such supplies.

When I first discussed this amendment with my colleague the gentleman from Florida [Mr. ROGERS], I was frankly somewhat apprehensive about the uncertainties of the terms "hoarding," "necessaries," "excessive supplies," and so forth, but when he cited the law from which the language of his amendment was taken, and when he cited decisions of courts in which convictions had been sustained, then I was convinced that the amendment was in all respects proper. "Hoarding" is defined, the word "necessaries" is defined, and the crime is properly described. Pertinent questions of fact—issues of fact—must, of course, be decided by juries under proper instructions by judges. If the people of America know that hoarding is criminal, that very knowledge will be a deterrent, and I submit that this is a good and proper amendment and should be adopted and accepted without objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. ROGERS].

The question was taken; and on a division (demanded by Mr. SPENCE) there were—ayes 112, noes 46.

So the amendment was agreed to.

Mr. KUNKEL. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. KUNKEL: On page 30, line 5, insert a new title designated as title II:

"TITLE II—PRICE AND WAGE CEILINGS

"PROHIBITED ACTS

"SEC. 201. (a) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to sell or deliver, or to buy or accept delivery of, any article at a price in excess of the ceiling applicable to such sale.

"(b) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to receive or pay, or to enter into any contract, agreement, or other obligation under which he is entitled or required, or under which he purports to be entitled or required, to receive or pay, for the performance of any services a price in excess of the ceiling applicable to such services.

"(c) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to pay for any labor a wage in excess of the ceiling applicable in respect of such labor.

"(d) It is the purpose of this act to provide for ceilings on articles sold, services performed, and wages paid, and no ceiling shall be imposed on any one of these that does not at the same time impose ceilings on both the other two.

"CEILINGS APPLICABLE TO SALES OF ARTICLES

"SEC. 202. (a) Except as provided in subsection (b) and section 205, the ceiling applicable to the sale of an article by any person shall be—

"(1) in case the sale is at wholesale and the article is the same article as an article sold at wholesale by such person during the base period, the highest price at which it was so sold by such person during the base period;

"(2) in case the sale is at wholesale and the article is not the same article as an article sold at wholesale by such person during the base period, but is similar to an article so sold by such person during the base period, the highest price at which such similar article was so sold by such person during the base period;

"(3) in case the sale is at wholesale and the article is not the same article as, nor an article similar to, an article sold at wholesale by such person during the base period, the highest price at which the same article was regularly so sold by any other person during the base period, or if the same article was not regularly so sold by any other person during the base period, the highest price at which a similar article was regularly so sold by any other person during the base period;

"(4) in the case of any article to the sale of which paragraph (1), (2), or (3) is applicable, such ceiling as the Administrator may prescribe pursuant to section 206. Any such ceiling so prescribed shall be in lieu of the ceiling applicable under such paragraph; and

"(5) in the case of a new article, and in the case of any article to the sale of which paragraph (1), (2), (3), or (4) is not applicable, such ceiling as the Administrator may prescribe pursuant to section 206.

"(b) The ceiling applicable to the sale at wholesale of an agricultural commodity shall in no case be less than the parity price therefor, as determined and published by the Secretary of Agriculture in accordance with other provisions of law.

"CEILINGS APPLICABLE TO SERVICES

"SEC. 203. Except as provided in section 205, the ceiling applicable to services performed by any person shall be—

"(1) in case such services are the same services as services performed by such person during the base period, the highest price for which such services were so performed by such person during the base period;

"(2) in case such services are not the same services as services performed by such person during the base period (or in case such person did not perform any services during the base period), the highest price for which the same services were regularly performed by any other person within the same county or parish, or within the same State if there be no such other person within the same county or parish, during the base period;

"(3) in the case of any services to which paragraph (1) or (2) is applicable, such ceiling as the Administrator may prescribe pursuant to section 206. The ceiling so prescribed shall be in lieu of the ceiling applicable to such services under such paragraph; and

"(4) in the case of new services and in the case of services to which paragraph (1), (2), or (3) is not applicable, such ceiling as the Administrator may prescribe pursuant to section 206.

"CEILINGS APPLICABLE TO WAGES AND SALARIES

"SEC. 204. (a) Except as provided in subsection (b) and section 205, the ceiling applicable in respect of labor performed by an individual shall be—

"(1) in case such labor is the same labor as labor performed, whether or not by him, for his employer during the base period, the highest wage paid by his employer during the base period, at the place of employment where such individual is employed, for the same labor to an employee with the same seniority rights and length of service;

"(2) in case the same labor was not performed either by him or any other employee, for his employer during the base period, at the place of employment where such individual is employed, the highest wage paid for the same labor by any other employer within the same county or parish, or within the

same State, if there be no such other employer within the same county or parish, during the base period to an employee with the same seniority rights and length of service;

"(3) in the case of any labor in respect of which paragraph (1) or (2) is applicable, such ceiling as the Administrator may prescribe pursuant to section 206. Any such ceiling so prescribed shall be in lieu of the ceiling applicable in respect of such labor under such paragraph; and

"(4) in case such labor is new labor, and in the case of labor to which paragraph (1), (2), or (3) is not applicable, such ceiling as the Administrator may prescribe pursuant to section 206.

"(b) The ceiling applicable in respect of any labor shall in no case be less than the minimum compensation prescribed therefor in or pursuant to any law of the United States, or of any State or political subdivision thereof, or of any Territory, District, or possession of the United States.

"EXEMPTIONS

"SEC. 205. The Administrator may by regulation or order exempt from the provisions of sections 202, 203, and 204 articles, services, and labor, with respect to which he makes a finding of fact that—

"(1) such exemption is necessary in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended; or

"(2) it is unnecessary that ceilings be applicable to such articles, services, or labor in order to preserve the Nation's price structure and to prevent a rise in the cost of living.

"POWERS OF ADMINISTRATOR WITH RESPECT TO CEILINGS

"SEC. 206. (a) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this title, he shall by regulation or order establish such ceiling or ceilings as in his judgment will be generally fair and equitable to buyers and sellers of the article or articles in question, or to the person or persons performing the services in question and the person or persons for whom they are performed, or to the employees and employer or employers in question, as the case may be, and will effectuate the purposes of this title. So far as practicable, in establishing a ceiling for any specified articles, services, or labor the Administrator shall ascertain and give due consideration to the prices prevailing for such article or services, or the wages prevailing for such labor, as the case may be, during the base period, and shall make adjustments for such relevant factors as he may determine to be of general applicability in respect of such article, services, or wages, including the following: Speculative fluctuations, general increases or decreases in costs of transportation, general increase or decrease in cost of maintenance and operation, general increases or decreases in costs of living, and general increases or decreases in profits earned by sellers of the article, persons performing such services, and employers for whom such labor is performed, during and subsequent to the year ending June 25, 1950. Every regulation or order establishing any ceiling under this subsection shall be accompanied by a statement of the considerations involved in the issuance of such regulation or order.

"(b) Any ceiling or ceilings may be established under this section in such form and manner, may contain such classifications and differentiations, and may provide for the continuation of models, the standardization of the production of essential items and such other provisions and adjustments, as in the judgment of the Administrator are necessary or proper in order to effectuate the purposes of this title. Any such ceiling may be established in terms of price, wages, margins, commissions, fees, charges, allowances, or other terms. Except as provided in section 202 (b) (relating to agricultural commodities) the Administrator may establish a ceiling or ceilings under this section with respect to articles and services below the general market price for the article or articles or services in effect at the time of establishment of such ceiling or ceilings.

"(c) The Administrator shall exercise his powers under subsections (a) and (b) with respect to agricultural commodities ,and with respect to articles derived in whole or in substantial part from agricultural commodities, in such manner as to support prices to farmers for such agricultural commodities at such levels as may be necessary to enable farmers to receive therefor the highest price received in the base period or the parity price for such commodities, whichever is higher. Whenever a ceiling has been established under this title with respect to any agricultural products, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reductions in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural product. Nothing contained in this act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such act. Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreemetn, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher; *Provided, however,* That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas.

"POWERS OF ADMINISTRATOR WITH RESPECT TO MARKET PRACTICES

"SEC. 207. Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation, or order, regulate or prohibit, with respect to any article, speculative or manipulative practices, selling, marketing, or inventory practices (including practices relating to changes in form or quality, hoarding, or other practices), which in his judgment, are equivalent to or are likely to result in price increases inconsistent with the purposes of this title.

"PROCEDURE

"SEC. 208. (a) Regulations or orders establishing any ceiling or ceilings may be issued after such inquiry as the Administrator deems necessary or proper. Within a period of 60 days after the issuance of any such regulation or order any person subject to the provisions thereof may, in accordance with regulations to be prescribed by the Administrator, file a protest specifically setting forth objections to such regulation or order and affidavits or other written evidence in support of such objections. At any time after the expiration of such 60 days any person subject to the provisions of such regulation or order may file such a protest based solely on grounds arising after the expiration of such 60 days. Within a reasonable time after the filing of any protest under this subsection, but in no event more than 30 days after such filing or 90 days after the issuance of the regulation or order in respect of which the protest is filed, whichever occurs later, the Administrator shall either grant or deny such protest in whole, or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith.

"(b) In any proceedings under this title, the Administrator may take official notice of economic and other facts, including facts found by him as a result of action taken under section 210, and may limit such proceedings to the filing of affidavits or other written evidence, or the filing of briefs.

"REVIEW

"SEC. 209. (a) Any protestant who is aggrieved by the denial or partial denial of his protest, may, within 30 days after such denial, file a complaint with the Emergency Court of Appeals, praying that the regulation or order protested be set aside in whole or in part. A copy of such complaint shall forthwith be served on the Administrator who shall certify and file with such court a transcript of the proceedings in connection with the protest which shall include a statement of the materials of which the Administrator has taken official notice. Upon the filing of such transcript the court shall have exclusive jurisdiction to affirm or set aside such regulation or order, in whole or in part, or to remand the proceeding, except that the regulation or order may be modified or rescinded by the Administrator at any time notwithstanding the pendency of such complaint. No objection to any regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the Administrator and not admitted, or which could not reasonably have been offered to the Administrator, and the court determines that such evidence is material, the court shall order the evidence to be presented to the Administrator. The Administrator shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof, and any modification made in the regulation or order as a result thereof, except that on request by the Administrator, any such additional evidence may be presented directly to the court.

"(b) No such regulation or order shall be set aside in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court setting aside in whole or in part any such regulation or order shall be postponed until the expiration of 30 days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (c) within such 30 days, the effectiveness of such judgment shall be postponed until an order of the

Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

"(c) Within 30 days after entry of a judgment, interlocutory or final, by the Emergency Court of Appeals a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 1254 of title 28 of the United States Code. The Supreme Court shall expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any ceiling under this title, and the provisions of this title authorizing any regulation or order establishing any ceiling. Except as provided in this section, no court, Federal, State, or Territorial, shall have power to consider such validity, or to stay, restrain, enjoin, or set aside, in whole or in part, any such provision of this title, or any provision of this title, or any provision of any such regulation or order.

"OBTAINING INFORMATION

"SEC. 210. (a) The Administrator may make such studies and investigations, and obtain or require the furnishing of such information under oath or affirmation or otherwise, as he deems necessary or proper to assist him in prescribing any regulation or order under this title, and in the administration and enforcement of this title, and regulations and orders thereunder. For such purposes the Administrator may administer oaths and affirmations, may require by subpena or otherwise the attendance and testimony of witnesses and the production of documents at any designated place, may require persons to permit the inspection and copying of documents, and the inspection of inventories, and may, by regulation or order, require the making and keeping of records and other odcuments and the making of reports. No person shall be excused from complying with any requirement under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (49 U. S. C., sec. 46), shall apply with respect to any individual who specifically claims such privilege.

"(b) The Administrator shall not publish or disclose any information obtained under this title that he deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information unless he determines that the withholding thereof is contrary to the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended.

"(c) The production of a person's documents at any place other than his place of business shall not be required under this section in any case in which, prior to the return date specified in the subpena issued with respect thereto, such person either has furnished the Administrator with a copy of such documents (certified by such person under oath to be a true and correct copy), or has entered into a stipulation with the Administrator as to the information contained in such documents.

"REGULATIONS AND ORDERS

"SEC. 211. The Administrator may, from time to time, issue such regulations and orders as he may deem necessary or proper in order to carry out the purposes and provisions of this title, and to prevent the circumvention or evasion thereof. Any regulation or order issued under this title may be amended or rescinded by the Administrator whenever in his opinion such action is necessary or proper in order to carry out the provisions of this title or to prevent the circumvention or evasion thereof.

"ENFORCEMENT

"SEC. 212. (a) Whenever in the judgment of the Administrator any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of this title, or any regulation, order, or requirement thereunder, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with this title or such regulation, order, or requirement, and upon a proper showing a permanent or temporary injunction, restraining order, or other order shall be granted without bond. In cases of actual controversy, a like application may be made by any interested person, and upon a proper showing a like order or decree shall be granted.

"(b) Any person who willfully violates any provision of this title or any regulation, order, or requirement thereunder, and any person who willfully falsifies in any material respect a document or report required to be kept or filed thereunder, shall, upon conviction thereof, be fined not more than $5,000, or imprisoned for not more than 1 year, or both. Whenever the Administrator has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

"(c) The district courts shall have jurisdiction of violations of this title and of regulations, orders, or requirements thereunder, and concurrently with State and Territorial courts, of all civil proceedings to enforce any liability or duty created by, or to enjoin any violation of, this title or any regulation, order, or requirement thereunder. Such civil proceedings and any criminal proceedings may be brought in any district in which any act or transaction constituting the violation occurred. Any such civil proceedings may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. No costs shall be assessed against the United States Government in any proceeding under this title.

"(d) No person shall be held liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of anything done or omitted to be done in good faith pursuant to any provision of this title or any regulation, order, or requirement thereunder, notwithstanding that subsequently such provision, regulation, order, or requirement may be modified, rescinded, or determined to be invalid. The Administrator may intervene in any suit or action wherein a party relies for ground of relief or defense upon this title or any regulation, order, or requirement thereunder.

"SEC. 213. The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, or changes in established rental practices, except where such action is affirmatively found by the Administrator to be necessary to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this title.

"SEC. 214. Nothing in this title shall be construed to authorize the regulation of (1) rates charged by any common carrier or other public utility except where such action is affirmatively found necessary to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this title, or (2) rates charged by any person engaged in the business of selling or underwriting insurance, or (3) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting station, or (4) rates charged for any professional services.

"SEC. 215. If any person selling a commodity violates a regulation or order prescribing a ceiling or ceilings, the person who buys such commodity for use or consumption other than in the course of trade or business may, within 1 year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by court, plus whichever of the following sums is greater: (1) Such amount not more than the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, or (2) an amount not less than $25 nor more than $50, as the court in its discretion may determine. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling a commodity violates a regulation or order prescribing a ceiling or ceilings, and the buyer either fails to institute an action under this subsection within 30 days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such 1-year period. If such action is instituted by the President the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered. The President may not institute any action under this subsection on behalf of the United States—

"(1) if the violation arose because the person selling the commodity acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

"(2) if the violation arose out of the sale of a commodity to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

"DEFINITIONS

"SEC. 216. For the purposes of this title and title II—

"(a) 'Person' means an individual, partnership, association, corporation, business trust, or any organized group of persons, or any receiver, trustee, or other legal representative of any of the foregoing, and includes the United States, any State or political subdivision thereof, or any Territory, District, or possession of the United States.

"(b) 'Article' means any article, product, material, or commodity.

"(c) 'Services' means any service, operation, or function performed otherwise than as an employee by a person (other than a State or political subdivision thereof) for any other person for compensation.

"(d) 'Labor' means any function performed by an individual as an employee of

a person other than a State or political subdivision thereof.

"(e) An article shall be deemed the 'same' article as another article if it is identical in every respect with such other article.

"(f) An article shall be deemed 'similar' to another article if it is not the same article but is an article of the same kind and of the same or substantially the same quality as such other article.

"(g) An article shall be deemed a 'new' article if neither the same article nor a similar article was sold at wholesale during the base period.

"(h) Services shall be deemed the 'same' services as other services if they consist of the same or substantially the same operations or functions as such other services.

"(i) Services shall be deemed 'new' services if the same services were not performed during the base period.

"(j) Labor shall be deemed the 'same' labor as other labor if it consists of the same or substantially the same functions and duties of the same or substantially the same functions and duties as such other labor.

"(k) Labor shall be deemed 'new' labor if the same labor was not performed during the base period.

"(l) 'Sale' means any disposition, exchange, lease, or other transfer, or any contract to do any of the foregoing, and 'sell', 'selling', 'seller', 'buy', and 'buyer', shall be construed accordingly.

"(m) 'Sale at wholesale' of an article means (1) any sale of such article for resale by the buyer, or (2) in the case of a sale by the manufacturer, producer, or importer of such article for consumption or use by the buyer, such sale by the manufacturer, producer, or importer; except that wherever specific reference is made to a 'sale at wholesale of an agricultural commodity,' such sale shall be deemed to refer only to a sale of such commodity by the farmer who produced such commodity.

"(n) 'Price' means the consideration received or receivable in connection with the sale of an article or for the performance of services.

"(o) 'Wage' means the rate of consideration received or receivable for the performance of labor, whether in the form of wages, salary, or any other form.

"(p) 'Ceiling' means the maximum price for which an article may be sold or which may be received for the performance of services, or the maximum wage which may be paid for labor.

"(q) 'Agricultural commodity' includes only an agricultural commodity in the form in which it is customarily marketed by farmers.

"(r) 'Base period' means the period May 24, 1950, to June 24, 1950, both inclusive.

"(s) 'Comparable' means substantially the same real, utility, and neighborhood value.

"(t) 'Administrator' means the Administrator of the Office of Inflation Control created by section 4.

"ADMINISTRATOR OF OFFICE OF INFLATION CONTROL

"SEC. 217. (a) The President is hereby authorized to create in the Executive Office of the President an Office of Inflation Control, which shall be under the direction of an Administrator, to be known as the Administrator of the Office of Inflation Control (in this act referred to as the 'Administrator'). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and receive compensation at the rate of $17,500 a year.

"(b) The Administrator may establish and utilize such advisory, regional, local, industry, or other groups or agencies, and utilize such voluntary and uncompensated service, as may from time to time be needed. The Administrator shall give due consideration to the recommendations of such groups, committees, or other agencies appointed under this section, and he shall utilize, insofar as practicable, local agencies to the end that compliance with the act may be effectuated.

"(c) The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary in order to carry out his functions and duties under this title and title II, and shall fix their compensation in accordance with the Classification Act of 1949, as amended. Attorneys appointed under this section may appear for and represent the Administrator in any case in any court. In the appointment, selection, classification, and promotion of officers and employees of the Office of Inflation Control, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

"(d) The principal office of the Administrator shall be in the District of Columbia, but he or his duly authorized representative may exercise any or all of his powers in any place.

"(e) The Administrator shall submit to Congress a quarterly report covering his activities for the preceding quarter and including such information and data and recommendations with respect to matters covered by this title and title II as he may find advisable.

"(f) The Administrator, with the approval of the President, may delegate any power or authority conferred upon him by this act to any officer or agency of the Federal Government and may authorize such redelegations by that officer or agency as he may deem appropriate."

Mr. HALLECK (interrupting the reading of the amendment). Mr. Chairman, in view of the fact that this amendment includes, with a few changes, which the gentleman from Pennsylvania can quickly explain, the price and wage control and rationing features of the so-called Kunkel substitute, I ask unanimous consent that the further reading of the amendment be dispensed with.

Mr. O'SULLIVAN. Mr. Chairman, I object.

Mr. SPENCE (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. KUNKEL. Mr. Chairman, this proposes to add to the present Spence bill that part of the so-called Kunkel bill which creates price and wage ceilings and authorizes rationing at the retail level. This is all contained in 9308, copies of which are available.

Mr. PATMAN. I have a copy of 9308. Title 2 of this particular bill is the one that has been read so far.

Mr. KUNKEL. It is 9308, starting at the bottom of page 4, with the definitions. The definitions are included as a separate section of it. Then it takes in that part of the bill in regard to price and wage ceilings, beginning on page 9 of the bill 9308.

Mr. PATMAN. Mr. Chairman, will the gentleman yield further?

Mr. KUNKEL. I refuse to yield.

Mr. PATMAN. I am trying to find out what it is.

Mr KUNKEL. Well, I have only a few minutes. The gentleman can get a copy of the bill and find out. In the meantime let me try to explain these other changes.

It accepts the dates outlined in the Spence substitute as amended by the gentleman from Georgia [Mr. PACE] and changes the base-period date from May 25 to June 25. On page 10, at line 7, is added another clarifying provision, to make it mandatory on the President, or whoever administers the act, to impose ceilings on articles sold, services performed, and wages paid, all at one time. The three must be established all in one package. No ceiling shall be imposed on any one of the three that does not at the same time impose ceilings on the other two. That makes it very clear that one group cannot be picked out to the exclusion of the other.

Also, there has been added a provision taken from the Spence substitute which was read for amendment yesterday. This addition would permit a civilian to sue in a civil court to recover damages for overcharges. It is the same provision that was in the Spence substitute yesterday. But the licensing provision in that same substitute is not included.

The amendment offered by the gentleman from New York [Mr. COLE] concerning milk is also included and added to H. R. 9308.

Inasmuch as all this has already been debated and has been available for study, and inasmuch as the amendments which have been included in it in addition to the original language are all amendments to which the House has given its approval during the debate of the last few days, I feel that this will perfect the present measure under consideration very much.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. YATES. The gentleman's amendment would establish price and wage ceilings within a certain period, would it not? It would freeze them to the prices and wages received during a certain period, would it not?

Mr. KUNKEL. It would place those into effect as soon as the President created the Office of Inflation Control. Under the provisions of my bill they can then be adjusted in the light of future developments. I do not think you can have a permanent freeze lasting for all time to come at the same level; some room must be left for adjustment in the light of new and changing conditions and experience. From time to time conditions are going to change and there are going to be pressures upward which will have to be recognized at some future time.

Mr. YATES. How would the gentleman's amendment apply to those contracts between labor unions and management which provide for progressive increases in wages over a period of years? Would not the gentleman's amendment freeze the provisions of the agreement to the wages paid during the base period?

Mr. KUNKEL. I do not think it would. That, of course, is a special case.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. WOLCOTT. The language of the gentleman's amendment states "as far as practical." It would not, of course, be found practical for the administration to change an existing labor-management contract.

The CHAIRMAN. The time of the gentleman from Jennsylvania has expired.

Mr. MARTIN of Massachusetts. Mr. Chairman, I ask unanimous consent that the gentleman from Pennsylvania may proceed for five additional minutes.

Mr. PATMAN. Mr. Chairman, reserving the right to object, I would like the gentleman to tell me where he commences in this bill 9308 and where he ends.

Mr. FULTON. The Chairman, I ask for the regular order, I ask for a ruling on the request.

Mr. PATMAN. Mr. Chairman, I reserved the right to object.

The CHAIRMAN. The regular order has been called for. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I will yield as soon as I yield to the gentleman from Pennsylvania [Mr. FULTON], who wants to ask a question.

Mr. FULTON. Section 214 of the original Kunkel amendment provided an exemption to newspapers, books, magazines, and radio. As the gentleman recalls, the gentleman from Pennsylvania [Mr. BUCHANAN] and I sponsored an amendment of the same nature to the Spence bill, taking the gentleman's provision and broadening it. Does the gentleman's present amendment contain the Buchanan-Fulton amendment on newspapers, and so forth, or is it the gentleman's old amendment?

Mr. KUNKEL. It is the old amendment, but I would be perfectly willing to accept and support any amendment along the line the gentleman has indicated. That was supported by himself and the gentleman from Pennsylvania [Mr. BUCHANAN] yesterday, and I supported it then.

I now yield to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. I wish to know where the gentleman's amendment commences. I have page 9 before me.

Mr. KUNKEL. Yes; that is where it commences as read by the Clerk.

Mr. PATMAN. How far does it go?

Mr. COLE of Kansas. If the gentleman will yield, it is a new section entirely.

Mr. KUNKEL. It is a new title and it goes over to page 26 where title III starts. A new section is added which includes the part of the bill which begins on page 4, line 23, and runs over to page 9, line 13.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield to the gentleman from New York.

Mr. JAVITS. Will the gentleman point out first where in his amendment and read the text of it this question of adjustment insofar as practical is set forth which the gentleman gave in answer to a question?

Mr. KUNKEL. Line 18 on page 15.

Mr. JAVITS. I have read the section and all it does is to say he shall give due consideration.

Mr. KUNKEL. I do not yield any further. As stated during general debate, this is modeled after the original Gore bill which was debated in this House back in 1941 and 1942 when we first considered price control. It has had a good deal of thought put into it over the years and I believe it will be the most efficient way that we can attack the problem of trying to get a stabilization period during which the President can have the power to act toward stabilizing prices and wages before they get completely out of line. We must do this before they become so dislocated that it will be impossible to install any kind of wage or price freeze except through the process of imposing selective price control. If we do not do this right now, if we let it go a month or 2 months, even if this bill is passed and the President lets it go for 2 or 3 months, we will have lost the one time in which we can take effective action or when the President can take effective action.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield to the gentleman from Illinois.

Mr. YATES. I am at a loss to understand the gentleman's reply to my previous question and the explanation given by the gentleman from Michigan [Mr. WOLCOTT]. I found no such provision in the law. I should like to direct the gentleman's attention to page 10, line 4, in which it is mandatorily stated that it shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to pay for any labor a wage in excess of the ceiling applicable with respect to such labor.

It seems to me the terms are inflexible and that the Administrator could not under any circumstances alter that ceiling. If that is not the case I wish the gentleman would point out in his amendment where there is a provision which permits deviation from that conclusion.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BUCHANAN. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, the gentleman from Illinois has pointed out a very glaring weakness to this amendment. Whereas in the intent of the bill offered by the gentleman from Pennsylvania, notwithstanding the new provisions, as was pointed out, this bill still provides for a mandatory general freeze. Regardless of what the intent says that it does not, nevertheless the provisions are very clear as to that particular thing.

I have here a list of some 25 bugs that appear in this provision of the bill, but time do[illegible] permit us to go into them. I feel t[illegible] should take these up step by step.

This freeze, of course, does not apply to retail sales, although the Administrator's power to set ceilings is not limited to wholesale ceilings. While starting with wholesale prices may be a practical approach, the bill should not be so drawn that a retail freeze is impossible at the same time. This depends on the effective date which is discussed later in the bill.

The effective date of the general freeze is immediately upon enactment. This bill does not allow any time to set retail ceilings or to set up administrative machinery for enforcement, hearing protests, making adjustments, and so forth. The date at which the freeze goes into effect should be left to the President.

The base period is inflexibly set as June 10 to June 25. Now, 2 weeks is not long enough. Many articles would not be priced during that period. The shortest period should be at least a month.

In case of roll-backs, either to the last 2 weeks before the Korean attack or to the months preceding the attack, are not possible, the President should be able to set later base periods.

Ceilings are set in advance for new products or services as the highest price charged during the base period for comparable products or services in a specified area. This is manifestly unworkable, particularly after the act has been in force for a while. Ceilings of comparable products might have been raised from the base period, substitute materials with different costs might be used, and so forth. Instead, a general power of regulation, with the criterion that due consideration be given to prices prevailing for comparable products, should be given to the President.

Regional price differences are completely ignored in the ceiling for products not sold by the seller during the base period. This ceiling is the highest charged anywhere in the United States for a comparable product.

For services and labor not previously performed, the area for comparison is the same county or parish, or, if nothing similar exists in the county, the same State.

County areas are often too small for proper comparisons.

Political boundaries, either county or State, often do not coincide with marketing or other economic boundaries.

Many economic areas, such as metropolitan districts, labor markets, and milksheds, are already customary and well defined.

The President should be allowed to issue regulations classifying areas.

Public-utility and transportation charges are exempted from control. Since these charges are already controlled by public utility commissions, and so forth, such an exemption would probably be made by regulation for reasons of administrative convenience. However, control should not be forbidden because such charges are an important item of costs. Actions by various Federal, State, or local commissions which were inconsistent with general stabiliza-

tion could force up price ceilings. Therefore, the President should be given power to intervene in public utility proceedings.

Several miscellaneous exemptions are made, such as for insurance, newspapers, and professional services. It is probable that such charges might later be exempted under the general authority to make exemptions where ceilings are not needed to preserve the price structure.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am quite sure from my observations of the last few days as these debates have progressed that there are many Members of this body who believe that some start should be made in the direction of controls such as contained in this amendment. Obviously, there are differences of opinion as to how those controls should be imposed, when they should be imposed, and what their effect should be. Whatever those differences may be, I think it ought to be crystal clear that in these proposals that are here being offered by the gentleman from Pennsylvania, the House of Representatives has a really decent, fair opportunity to deal with the subject.

As the debate opened, the gentleman from Kentucky, the very estimable chairman of the committee, indicated that the substitute which he offered dealing with these various subjects was offered because of what he said was the insistence of the minority, the Republicans in the House, that something be done about the problem. Whether that was the principal reason or not I do not know. At any event, in order to prove our good faith in trying to bring something before the House in an orderly way that could be acted upon, these proposals were drafted and presented in the committee. As objections have been raised, or defects pointed out, or something needed here or there, those suggestions have been weighed and analyzed and have been incorporated in many particulars.

The amendment as now offered contains certain of the amendments that were adopted yesterday after debate in committee of the whole. I think certainly it should appear that it is a good faith effort to try to provide the standby controls that, as I say, so many seem to think should be invoked.

Earlier, as the committee met today, I made a parliamentary inquiry as to what the motion to recommit might be. I have since learned that, in view of the fact that this whole bill is a substitute or an amendment, and even though the resolution making the consideration in order provides that it shall be considered as an original bill, no motion to recommit except a straight motion will be in order.

I may say at this point that I think that, being in the minority, I am not going to be for many more rules like that, because the motion to recommit should be preserved to the minority. In this particular instance we might offer the motion to recommit containing this amendment and then obtain a record vote that would give us an opportunity to register ourselves for our people and the country on this very important matter.

However, if this amendment is defeated the motion to recommit will be offered. I would dare to express the hope that no point of order would be addressed against it, in view of the very peculiar circumstances which confront us. However, being realistic, I must understand that that point of order might be raised. So in contemplation of that, this is the time and the chance to stand up and be counted. If you think that this standby authority should be granted to the President, this is a good, fair proposal to act upon.

We all recognize, not only in respect to this amendment and this proposal but generally in matters of this sort, that when action is taken first in the House of Representatives it is only the beginning of the legislative process. Whatever measure we pass must go to the other body. There it will be acted upon.

If there are differences between the two measures as passed, and there almost always are, then the matter goes to conference and the conferees work out the details. Finally we get an opportunity to pass upon the conference report.

Mr. CARROLL. Mr. Chairman, I move to strike out the last word.

(Mr. CARROLL asked and was given permission to revise and extend his remarks.)

Mr. CARROLL. Mr. Chairman, it seems to me we ought to stop this wrangling and come to grips with the real issue. This is not a difficult problem. In the past 2 or 3 days there has been entirely too much political maneuvering on a question which is of vital importance to the American people.

Let us reflect for a moment on the legislative issues under consideration. The President has requested in the interest of national defense that the Congress pass legislation authorizing the establishment of priorities, allocations, and the requisitioning of those commodities which are essential to our national security. At the same time, the President has requested that the Congress take certain steps to control inflation. Without attempting to enumerate all of these steps, we know that they involve increased taxation, control of consummer credit, and so forth. The feeling is general that the President's requests were too modest in the light of inflationary forces which might reach runaway proportions. Some of us are of the opinion, therefore, that the President should be granted stand-by authority to regulate price and wage stabilization. In order to delegate the President this stand-by authority, we must necessarily establish certain standards and specifications to conform to constitutional requirements. At the same time, we must not unduly restrict the action and authority of the President by setting up such rigid standards that will prevent the President from assuming and carrying out the full responsibility which we have imposed upon him.

In my opinion, the Kunkel amendment now under consideration is too inflexible for it does not permit the executive branch of Government that degree of flexibility which is necessary to formulate a sound equitable price and wage stabilization program. The gentleman from Pennsylvania [Mr. BUCHANAN], in his excellent speech in opposition to the Kunkel amendment, has presented an argument so technical in nature that few of us have been able to grasp its meaning. Therefore, I should like to ask the gentleman from Pennsylvania [Mr. BUCHANAN], if it was not true, during the early days of OPA in the last war, that many regulations were set up which, although equitable to the Atlantic seaboard, imposed great inequities on other geographic areas in the Middle West, the South, and the West, and that in reality these regulations had no application to the regional economic problems of these areas.

Would the gentleman say that these inequities might again arise as a result of the inflexibility of the provisions contained in the Kunkel amendment?

Mr. BUCHANAN. Yes. It does the same thing. That is a mistake that we should profit by. In other words, we live in a Nation where we have economic geographical areas which have to be treated accordingly.

Mr. CARROLL. That is exactly the OPA experience during the last war. What happened? In the West and in the South and other areas of the country we fought to limit the power of Washington regulations and to delegate certain powers to the regions so that CPA economists could apply the regulation with some degree of intelligence and equity.

Mr. PICKETT. Mr. Chairman, will the gentleman yield?

Mr. CARROLL. I yield.

Mr. PICKETT. If I understand the proposal of the gentleman from Pennsylvania [Mr. KUNKEL], it is to establish a base period on the basis of which these prices and services would be frozen. Is that not correct?

Mr. CARROLL. As I understand it, although the gentleman from Texas may not agree with me, it goes deeper than that. The base period is something that can be determined. We are talking about something different now. We are talking about different geographical economies.

Mr. PICKETT. The gentleman from Pennsylvania purports to set up a certain base period for the freezing and rolling back operation. I understand that to be true. Then it would apply all over the country for the same purpose. The answer would be that whatever the situation were in Colorado on the given date, and whatever the situation might have been on the Atlantic seaboard on the same date would be in keeping with the economic condition in that particular part of the country and it would not be all mixed up, varying from one part of the country to the other.

Mr. CARROLL. I think the gentleman from Texas misconceives what we are talking about. The gentleman from Pennsylvania earlier mentioned base period. He said the President should not be limited to that short period of time. He may want to go back beyond the period set up by the Kunkel amendment.

When you give the President stand-by power you do not have to set up specific base periods. He has his own experts. He has his own boards. The Congress has the right of review, too. We are talking about an entirely different situation. We are talking about setting up inequitable regulations which may be applicable only to the Atlantic seaboard but which may be superimposed on our economy in the West, the Middle West, and in the South.

Those regulations may not be suited to our regional problems.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. CARROLL. I yield.

Mr. HOLIFIELD. As I understand it, the Kunkel amendment makes it mandatory, when the President makes his determination, that prices, wages, and rationing be imposed simultaneously.

Now, even before he makes his determination upon the enactment of the act. If we do so, let me point out that from an administrative standpoint, rationing boards have not been set up in the United States; rationing books have not been printed. What this actually means is a delay in imposing rationing because of the difficulty in administration of the act, as provided for in the Kunkel amendment. It might take 90 days or it might take 4 months before the boards are set up and the books printed for distribution all over the United States.

Mr. CARROLL. I think the gentleman makes a good point. But many of us feel that the administration did not go far enough when it asked for certain limited controls. What are we asking the administration to do? We are delegating our legislative authority, setting up certain standards, and saying to the President and his advisers, "The responsibility rests upon you to go forward if the need arises." As we put that responsibility on them, all we are asking now is that there be some flexibility so that we do not tie their hands too much.

Mr. ENGLE of California. Mr. Chairman, will the gentleman yield?

Mr. CARROLL. I yield.

Mr. ENGLE of California. Do we have any assurance that the committee is going to offer any bill that will permit us to vote for stand-by price and wage controls? I have not heard anything that indicates that this committee is going to give us a chance to do that. As far as I am concerned, unless they do, I am going to support the Kunkel amendment.

Mr. CARROLL. I now ask the gentleman from North Carolina [Mr. DEANE], or some member of the committee, are we going to have an opportunity to pass upon price and wage stabilization, to give the President stand-by controls? We are entitled to know that.

Mr. DEANE. Mr. Chairman, will the gentleman yield?

Mr. CARROLL. I yield.

Mr. DEANE. At the proper time I propose to offer an amendment to the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL] that would provide what the gentleman is asking about.

The CHAIRMAN. The time of the gentleman from Colorado [Mr. CARROLL] has expired.

Mr. CARROLL. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CARROLL. Does the amendment you propose to offer provide flexible controls and stand-by authority to be given the President for price and wage stabilization?

Mr. DEANE. It does.

Mr. CARROLL. More flexible than the Kunkel amendment? That is what the Members want to know.

Mr. DEANE. That is true; wages tied with prices.

Mr. CARROLL. And it is entirely free from any freezing action or tying of the President's hands?

Mr. DEANE. It is.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. CARROLL. I yield.

Mr. KEATING. I take it the gentleman favors granting the President more than he asked for; namely, at least stand-by price and wage-control authority.

Mr. CARROLL. There is no question about that.

Mr. KEATING. Is it not the sensible thing for the Members who feel that way, as I do, to vote for the Kunkel amendment, with possibly some modifications, but to vote? Now is our chance. Will we get any chance hereafter?

Mr. CARROLL. I respect the gentleman's opinion and his sincere desire to give the President stand-by controls. We believe that the present controls, as contained in this amendment, are so inflexible that it ties his hands. Therefore, most of us who are also sincere in trying to give the President regular stand-by authority, with the proper legislative delegation setting up certain specifications and standards, putting the responsibility on the executive branch of Government, want to support the Deane amendment.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. CARROLL. I yield.

Mr. YATES. The gentleman's explanation has been exactly correct. I believe the desire of this House is to pass at least stand-by price and wage ceilings and I, too, would favor such action. but the Kunkel amendment is worse than no controls at all. It has so many generalities and so many gadgets in it that the very purpose of the House will be thwarted if the Kunkel amendment is accepted. For instance, on page 9 a distinction is attempted to be drawn between subsections (b) and (c), a distintcion which has not been explained. Contracts between labor and management like the Ford contract, providing for progressive wage increases are abolished by the terms of subsection (c). We want an act which will prevent strikes, not provoke them.

We want controls which are workable; not controls which will straitjacket our economy and our people.

When the gentleman was on the floor, I asked him whether the inflexibility of the provision of subsection (c) could in any way be alleviated by the Administrator, and my attention was directed to page 15. Page 15 in no way, in my opinion, gives the Administrator the flexibility necessary to change the mandate of subsection (c) on page 10, because it reads as follows:

> He shall by regulation or order establish such ceiling or ceilings in his judgment which will generally be fair.

What does the word "generally" mean? It is a loose term which cannot stand against the stringent provision of subsection (c).

Mr. CARROLL. The gentleman from Illinois [Mr. YATES] is absolutely correct. And he is to be commended for the time, study and contribution he has repeatedly made during consideration of this important legislation.

Mr. KUNKEL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KUNKEL. Has the reading of title I been completed at this point?

The CHAIRMAN. The reading of title I; yes.

Mr. MULTER. Mr. Chairman, I move to strike out the last word.

Mr. KUNKEL. Mr. Chairman, will the gentleman from New York yield for a consent request?

Mr. MULTER. I yield.

Mr. KUNKEL. My attention has just been called to the fact that the prohibition against rationing at the retail level in title I of the bill is still included. I do not believe any of the membership want to have that prohibtion included. I therefore ask unanimous consent to offer an amendment striking it out.

Mr. MULTER. I shall object to it at this time, but if the gentleman would formulate his amendment I may withdraw my objection.

Mr. BUCHANAN. Mr. Chairman, I object.

Mr. MULTER. Mr. Chairman, I think we really should be moved to tears when we see the confusion of the Members on the minority side over this amendment now before us. Ever since the amendment was offered I have been trying to find out what it is. We were referred to H. R. 9380 which the gentleman from Pennsylvania introduced on August 2. I have in front of me the amendment as it was offered at the desk, and I think the Clerk should very sincerely thank the gentleman from Pennsylvania for getting permission to have him excused from reading it. Many of us have gone to the desk, and it is utterly impossible to find out what is in this amendment from the manner in which it has been submitted. The gentleman from Pennsylvania, the author of the amendment, himself told us a moment ago that there is at least one thing in the amendment that even he does not want included.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. YATES. As a matter of fact, the question that I asked the gentleman from Pennsylvania with respect to

whether or not there could be any flexibility in the administration was answered a few moments ago by the gentleman from Michigan [Mr. WOLCOTT], saying that flexibility was given. The gentleman from Michigan [Mr. WOLCOTT] came to me later and stated that he was not sure that his answer to me was correct because of the various amendments that have been offered.

Mr. MULTER. I am sure the Members can spend the rest of the day examining this document and trying to find out what is in it and what is not in it, but when you get to the end of the day you will be just as confused as I am at this moment.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. FLOOD. Before the gentleman from New York, who now has the floor, went to the desk I went there trying to read this hodge-podge. There are three or four writings in it, different handwritings, and slips of paper, and torn sheets; and three clerks and the gentleman from New York were unable to get any clear idea as to what is in it.

Mr. MULTER. I am sure that at the end of the day after all the debate has closed we still will not know what is in it. But one thing is certain, and that is that as this amendment stands now at least that much of the language which is in H. R. 9308 that has been read is an absolute and complete freeze as of now. It reads:

> It shall be unlawful regardless of any contract or other obligation for any person knowingly to sell or deliver, or to buy, or to accept delivery of any article at a price in excess of the ceiling applicable to such sale.

If the housewife goes out and buys an item over the ceiling price and her husband accepts delivery, they both can be sent to jail or be made to pay a $5,000 fine or both; or if a man pays a 1-cent an hour increase over the wage that he should have been paying as of now he can be sent to jail and fined $5,000.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. BROWN of Georgia. I thought the vote on the amendment this morning settled one question, to wit, that we were going back to the original bill reported out and amend it but not try to amend it by adding price control at this time; that we should have hearings on price control, which the gentleman from Kentucky promised us; and I expect to vote for it, but not in this bill. The inflation control part of it should be in another bill. Witnesses should be called immediately and the committee should consider it. We do not want to mix all of these things up. We should have a committee meeting at once, at which time we will take up the inflation controls. I hope we will go back to that thought. If we are going to roam all over again, go through all the amendments, some of which we have rejected and some of which we have adopted, there would be even more confusion. Let us get back to business and pass the original bill and take up price and wage controls later.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from New York.

Mr. KEATING. Does not the gentleman think this Congress today should pass some stand-by price and wage stabilization measure and incorporate it in this bill?

Mr. MULTER. I thought we had perfected such a bill yesterday. The vote this morning here rejected that bill, which had stand-by control of wages and prices in a flexible form which you might be able to work out in conference with the other body and eliminate those parts which might be objectionable.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MULTER. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MULTER. If we had passed that, then there might have been some hope of working out something in conference, giving the President stand-by controls that would not tie his hands. This kind of a thing does not accomplish that purpose.

Mr. KEATING. We still have the opportunity to change this in conference, do we not?

Mr. MULTER. Of course, you have the opportunity of changing it in conference. What I am objecting to is that we do not have the opportunity now to perfect this before it goes to conference. That is the objection I raise.

Mr. KEATING. We should pass today some price and wage stabilization measure giving this authority to the President which he said he does not want?

Mr. MULTER. The gentleman says on a stand-by basis?

Mr. KEATING. On some stand-by basis.

Mr. MULTER. It should be flexible?

Mr. KEATING. I am not wedded to any particular provision of the bill. What I am saying to the gentleman is that we should pass some measure, some price and wage stabilization measure, giving to the President this stand-by authority and should support some bill to that effect as an amendment to the bill that was brought in here and which we are now considering.

Mr. MULTER. Is the gentleman prepared to say whether or not the President shall enforce these stand-by provisions when the time arrives through a separate agency or through existing agencies? Which does the gentleman want the President to do?

Mr. KEATING. I say all of those details are matters that can be worked out in conference. Those of us who sincerely feel that the President should have this authority, which he stated he does not want, should vote for some stand-by wage and price stabilization measure. That is what our people want. Does not the gentleman agree with me?

Mr. MULTER. This amendment is inflexible and bad in many respects. The procedures are set up for a brand-new agency with a man at the head of it at a salary of $17,500 with all the personnel he may need. The only choice given to the President is as to the time when he will set up the agency, and whether he sets up the agency or not the bill now inflexibly fixes a ceiling on wages and prices.

Mr. KEATING. Then I suggest to the gentleman he offer a perfecting amendment to change those details.

Mr. MULTER. If the gentleman will prevail on the gentleman from Pennsylvania to withdraw his amendment, the gentleman from North Carolina [Mr. DEANE] will offer a stand-by flexible-provision amendment.

Mr. KEATING. That is, the gentleman wants a price and wage stabilization bill giving the President this authority, the gentleman and Members on his side want to give him that authority, but he wants to introduce an amendment to that effect?

Mr. MULTER. I would suggest that the gentleman from Pennsylvania withdraw his amendment and work out with the gentleman from North Carolina [Mr. DEANE] a proper stand-by measure, which is a stand-by measure and flexible and not mandatory and inflexible.

Mr. KEATING. It is later than you think. I have heard a lot of statements from the gentleman's side this should not be handled on a political basis, it should be handled from the point of view of the welfare of the country, and I agree with that. Here we have an amendment. Let us offer any perfecting amendments to it that the gentleman pleases or that other Members wish, then let us vote for it.

Mr. MULTER. We did that all day yesterday, and then your colleagues rejected the perfected bill. Now you ask that we repeat the process.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Pennsylvania..

Mr. FLOOD. Is it not true that within the last hour this House had a chance to vote on stand-by controls, including my distinguished friend from New York? I do not know how he voted, but I saw most of the Members on that side of the aisle vote against stand-by controls as of today.

Mr. MULTER. I observed the same thing.

Mr. KEATING. I favor stand-by legislation for price and wage controls. The fear I have in my mind is that either we or the Congress are not acting fast enough here.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from New York.

Mr. JAVITS. May we ask the gentleman from North Carolina [Mr. DEANE] whether he intends now—he has the power to get recognition—to offer his substitute for the Kunkel amendment? Does he intend to do it now so that both alternatives will be before the House? I thoroughly agree with the gentleman from New York [Mr. KEATING] that that is the least, in fairness, that ought to be done.

Mr. DEANE. I propose to do so, I will say to the gentleman from New York.

Mr. JAVITS. I thank the gentleman.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Pennsylvania.

Mr. FULTON. This clearly demonstrates the inability of this whole House to act as a committee. Why, in heaven's name, does not the Committee on Banking and Currency ask the committee to rise and bring this thing back in such shape that some of us fair-minded ones can support?

Mr. MULTER. We brought you a bill which the committee approved by a 20 to 1 vote covering what the President requested. Let us go to work on a price and wage control bill in committee that we can work out as a bipartisan measure and bring that in to you next week.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Indiana.

Mr. HALLECK. The gentleman understands, as do we all, that when the matter of price control and wage control was before the Committee on Banking and Currency, the majority members, the Democratic members of that committee, elected not to deal with that subject. The only time you moved to deal with it at all was when yesterday you trotted out the Spence substitute.

Mr. MULTER. The answer to that is, sir, that the Kunkel amendment was submitted in the committee for the first time in an executive session; it was introduced the night before, and we did not even have an opportunity to read it.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for one additional minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BROWN of Ohio. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to continue for two additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I listened to the observation of my friend from Indiana from which one would draw the inference that if he were a member of the Committee on Banking and Currency, that he would vote for the Kunkel amendment. I am wondering if my inference is correct that the gentleman would vote for the Kunkel mandatory bill that was offered in the Committee on Banking and Currency.

Mr. HALLECK. The Kunkel bill as offered in the committee may have been mandatory at that time, I do not know.

Mr. McCORMACK. That is the point. Would the gentleman have voted for it?

Mr. HALLECK. But the measure that is now before us has been revised in numerous particulars about which the gentleman from Massachusetts undoubtedly knows, and it is that measure with which we are dealing.

Mr. McCORMACK. Would the gentleman have voted for the mandatory bill in committee?

Mr. HALLECK. Personally I am for standby controls as against immediate mandatory controls. Does that answer the gentleman's question?

Mr. McCORMACK. I agree with my friend.

Mr. HALLECK. Certainly.

Mr. McCORMACK. Then the gentleman ought to be against this Kunkel bill because it is mandatory.

Mr. HALLECK. It is not.

Mr. McCORMACK. Oh yes; it is mandatory.

Mr. HALLECK. The gentleman made that statement before. The Kunkel bill says that the President is authorized. That is not a directive; that is permissive, not mandatory in anybody's language.

Mr. McCORMACK. I will say to my friend from Indiana, who is usually correct, I suggest he read this Kunkel amendment again and I am sure he will find that that is not correct; that it is mandatory in certain respects.

Mr. HALLECK. It is not mandatory except in certain situations like base periods, certain ceilings being imposed, but the invoking of the measure as a whole is left to the discretion of the President. It has been so interpreted by every newspaper reporter who has read it, everyone who understands it. I know what is in it and I am just sorry that the gentleman from Massachusetts does not.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BROWN of Ohio. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for one additional minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. I have asked for this additional time to ask the gentleman from New York [Mr. MULTER] who is a member of the Committee on Banking and Currency, if the real reason why we find ourselves in the present situation and in this great confusion today is not the fact that his committee rushed this legislation through without due consideration, hearing only three government witnesses, shutting off witnesses from business and industry that might have contributed to the hearings some bits of information that would have been of help in amending this bill, and that the language was so hastily drafted that even the chairman of the committee himself brought in a new bill rather than support the bill that the committee recommended. So the responsibility rests entirely with the gentleman's committee, which failed somehow or other to bring in legislation that did take care of the situation.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. If the gentleman will yield, of course the observations of my good friend from Ohio [Mr. BROWN] and my good friend from Indiana [Mr. HALLECK] show that our Republican leadership do not know where they are at. First they wanted something stronger, then they wanted something weaker, and now they want to send it back to the committee. As a matter of fact, they are just taking a position opposite to anything that is proposed by the Democratic majority of the committee. They just do not know where they are at. Am I right?

Mr. MULTER. The gentleman is absolutely correct. The fact of the matter is that there was ample and due consideration of the bill as reported out by our committee. Twenty of twenty-one members who were there in executive sesion agreed that it was a good bill, that it should be brought out. We were giving to the President by that bill the powers he asked for and needs now and should have now. When the temper of the country reached the Members of the Congress on both sides indicating that they wanted the President to have standby control so that he could invoke price controls when he was ready for them and the country needed them, we wanted him to have that power. Everybody agrees now we still want him to have that power. The trouble is that while some of the gentlemen on that side of the aisle are for talking about giving him the power, they do not want to put it in language which will give it to him.

Mr. BROWN of Ohio. Did the gentleman from New York get the impression from the remarks of the gentleman from Massachusetts, the majority leader, that he was insinuating that those of us on this side of the aisle are as confused now as he has appeared to be through this entire debate?

Mr. MULTER. No. He meant and he said that he clearly understands the situation, political, and otherwise, then and now. The confusion is still on my left.

Mr. McCORMACK. I might say that the big business interests that ordinarily support the Republican Party understand the situation.

Mr. MULTER. I also concur in that statement of our distinguished majority leader.

Mr. PATMAN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the bill that was submitted to the House was carefully considered by the committee. It involves speculative trading, credit controls, restoration of the old regulation W, and matters of that kind, which the Presi-

dent asked for. Then after that was considered, the committee decided to submit it to try to get the House to pass it as an emergency measure, with the understanding that the committee will take up later, immediately hereafter, price-and-wage controls and related subjects.

I sincerely hope the House will adopt the bill as the committee reported it. It means a lot in preventing inflation. It is something we need now. We need it quickly. I hope we can leave off these other amendments and just put through the original bill. I think that is the only chance we have to get a bill today or within a reasonable time.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. RANKIN. As a matter of fact, inflation of prices is caused by inflation of the currency. There is nothing in this bill at all to check the inflation of the currency, is there?

Mr. PATMAN. Yes; on commercial loans.

Mr. RANKIN. I am talking about this new currency. Prices in a free economy are governed by two things—the volume of the Nation's currency multiplied by the velocity of its circulation. There is not a word in this bill which would check the issuance of Federal Reserve notes which are being inflated now at the rate of more than $60,000,000 a month. You are not striking at the root of the trouble at all.

Mr. PATMAN. The gentleman is mistaken about that because there is a lot in this bill that will stop the issuance of Federal Reserve bank currency.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. CASE of South Dakota. As long as you have deficit financing you are bound to have an inflation of the currency.

Mr. PATMAN. Yes; you have inflation and that is the reason I voted against the tax reduction bill because I wanted to balance the budget.

The Kunkel amendment is an overall freeze. The Kunkel amendment is a definite and immediate freezing of prices and wages. I heard what the distinguished gentleman from Indiana said a while ago, that it required the President to activate—I do not know that he used that exact word but that it required the President to do something to put the law into effect.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BUCHANAN. But with one exception—it does not include retail prices.

Mr. PATMAN. I have not noticed the latest version. I know the original version did not have retail prices. The bill has been changed a number of times. The present amendment submitted by the gentleman from Pennsylvania contains parts of three bills and several amendments which were proposed here on the floor of the House yesterday, some adopted and some defeated. We do not know where we are with this present amendment. But we do know it is an absolute freeze. I want to read to the gentleman from Indiana title II, section 201:

SEC. 201. (a) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to sell or deliver, or to buy or accept delivery of, any article at a price in excess of the ceiling applicable to such sale.

(b) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to receive or pay, or to enter into any contract, agreement, or other obligation under which he is entitled or required, or under which he purports to be entitled or required, to receive or pay, for the peformance of any services a price in excess of the ceiling applicable to such services.

Then it defines the ceilings applicable to sales of articles and services.

That is the law. That is the law if this is enacted. The only place where the President must do anything or can do anything under this proposed amendment is under section 4, which is on page 7, in which the President is given the authority.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. HOFFMAN of Michigan. Mr. Chairman, reserving the right to object, does the gentleman know whether there is going to be any attempt to cut off debate?

Mr. PATMAN. I think there has not been any attempt so far. I think eventually there should be.

Mr. HOFFMAN of Michigan. I know you are a great prophet, maybe you could tell us.

Mr. PATMAN. I am no prophet. I am willing to accept the prophecies of the gentleman from Michigan.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Chairman, the only place where the President comes into action is not to make this unlawful—not to freeze wages—not to freeze prices—because the law itself will freeze them—but the President is authorized to create in the Executive Office of the President an office of inflation control. He is authorized under this Act to set up the agency to administer these provisions which are made unlawful under this act.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. HALLECK. Of course the gentleman will agree with me, I am sure, because he is always fair, that if this proposal should be adopted and should become the law, there still would be required affirmative action by the President to make the provisions of the Act effective.

Mr. PATMAN. I do not agree. Respectfully I disagree with the gentleman. I want to tell him the reason why because I have some good reasons. Turn to page 9 of this bill, the Kunkel amendment, and the bill itself makes it unlawful. What? Wages and prices and everything except retail prices. This is an immediate freeze. If the President did not carry that out, he would be violating his oath of office. He would carry it out. How? Since there is an immediate freeze, they would turn back to this other part of the Kunkel bill and create this office of inflation control. He would have to do it.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. HALLECK. As a matter of fact, on page 14, section 206, the language is:

Whenever in the judgment of the Administrator, such action is necessary or proper in order to effect the purposes of this title, he shall, by regulation or order, establish such ceiling.

In other words, I am sure the gentleman——

Mr. PATMAN. You are reading from what?

Mr. HALLECK. It is the language included in the amendment. Now, the gentleman should understand there are two terms that have been used that are important in this consideration. One of them is "stand-by" and the other is "flexible." This is stand-by, and, by and large, the other proposals that have been offered are stand-by. Apparently the gentleman is arguing for complete flexibility, which I call a blank-check authorization to the President, with no criteria created by the Congress at all. This proposal does set standards. It does undertake to provide the manner in which controls shall be applied, if they are voted by the Congress. Personally, I subscribe to that approach rather than the blank-check approach.

Mr. PATMAN. In closing I insist that this is a definite and immediate freeze of all prices and all wages.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection?

Mr. HOFFMAN of Michigan. Reserving the right to object, Mr. Chairman, the gentleman has had three extensions. Can you finish in this minute, if not interrupted?

Mr. PATMAN. Well, I hate to make any commitments.

There was no objection.

Mr. PATMAN. In the case of the General Motors contract, the wage earners have an increase in pay when the cost of living increases. This would freeze it where they could not possibly get that increase. There are hundreds of those contracts in this country. We would not know what we are doing under this Kunkel proposal. The Kunkel proposal day before yesterday is not the one we had yesterday, and the Kunkel proposal today is different from either one of them. So we would not know what we were doing. So let us vote it down.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. DEANE. Mr. Chairman, I offer a substitute to the amendment offered by

the gentleman from Pennsylvania [Mr. KUNKEL].

The Clerk read as follows:

Amendment offered by Mr. DEANE as a substitute for the amendment offered by Mr. KUNKEL: Insert the following:

"That this act, divided into titles, may be cited as the 'Defense Production Act of 1950.'

"TABLE OF CONTENTS

"Title I. Priorities and allocations.
"Title II. Authority to requisition.
"Title III. Expansion of productive capacity and supply.
"Title IV. Control of credit.
"Title V. Prices and wages.
"Title VI. General provisions.

"DECLARATION OF POLICY

"SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demands. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production, and purchases must be curtailed and redirected.

"It is the purpose of title V to prevent speculative, unwarranted, and abnormal increases in prices resulting from abnormal market conditions or scarcities caused by the efforts of the United States in support of collective action to oppose aggression and promote peace.

"It is the objective of this act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this act to promote the national defense, by meeting, promptly and effectively, the requirements of military and other programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use.

"TITLE I—PRIORITIES AND ALLOCATIONS

"SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

"SEC. 102. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for more than 1 year, or both.

"TITLE II—AUTHORITY TO REQUISITION

"SEC. 201. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that he has been unable to acquire such property or the use thereof, as the case may be, on fair and reasonable terms, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall promptly be paid 75 percent of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district court of the United States within 3 years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation. Whenever the need for the national defense of any property requisitioned under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided*, That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

"TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

"SEC. 301. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as 'guaranteeing agencies'), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be related to efforts or undertakings on the part of the United States or an agency thereof which are designed to meet the necessities of the national defense.

"(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guaranty made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

"(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations, as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

"(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

"SEC. 302. To assist in carrying out the objectives of this act, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises for the expansion of capacity, the development of technological processes, or the production of essential materials. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

"SEC. 303. (a) To assist in carrying out the objectives of this act, the President may make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

"(b) Purchases and commitments to purchase and sales under subsection (a) may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be

effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

"(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

"SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

"(b) Any corporation created under this section—

"(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

"(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

"(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to act of Congress; and

"(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said act.

"(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out its functions under this title: *Provided*, That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the obligations of any corporation hereunder.

"TITLE IV—CONTROL OF CREDIT

"SUBTITLE A—CONSUMER AND REAL ESTATE CREDIT

"SEC. 401. (a) To assist in carrying out the purposes of this act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer and real estate credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this subtitle or to prevent evasions thereof.

"In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider among other factors, (1) the level and trend of consumer and real estate credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

"(b) No person shall extend or maintain any credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

"(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than 1 year, or both.

"(d) To assist in carrying out the purposes of this subtitle, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

"(e) Any restrictions for real estate credit for home construction shall not restrict loans made by private lenders to any percentage of value or maturity less than the maximum authorized for any loans authorized to be made, insured, or guaranteed by the Government or any Government-owned agency or instrumentality, nor shall any restriction otherwise discriminate in favor of Government loans or Government insured or guaranteed loans against private loans for home construction.

"(f) For the purposes of this subtitle, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, and accounting terms, insofar as any such definitions are not inconsistent with the provisions of this subtitle:

"(1) 'Consumer credit' means credit which the obligor undertakes to pay in two or more payments, or any other credit: *Provided*, That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any accessory, insurance, or service connected with any suech goods or any interest therein.

"(2) 'Real estate credit' means credit secured, either wholly or partly, by real property; credit for the purpose of purchasing or carrying real property or constucting buildings or otherwise improving real property; and credit involving a right to acquire or use real property. As used in this paragraph the term 'real property' includes leasehold and other interests therein.

"(3) 'Credit' means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; and purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

"(4) 'Person,' in addition to the definition given it by section 602 (a) of this act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the criminal penalties of this subtitle shall not be applicable to the United States, any State, or other governmental agency or instrumentality.

"SEC. 402. To assist in carrying out the objectives of this act, the President may, at any time or times, notwithstanding any

other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

"TITLE V—PRICES AND WAGES

"NOTICE OF INTENDED PRICE INCREASES

"SEC. 501. The President may by regulation or order require sellers of any commodity which significantly affects the cost of living, the costs of industrial or agricultural production or of construction, or the costs of national defense or foreign aid to give up to 60 days' notice to the President prior to the effective date of any intended price increase with respect to any such commodity. After the issuance of any such regulation or order, no price increase shall become effective for the specified commodity without the giving of notice required by the regulation or order and until the expiration of the period required to be specified in the notice. The President may require any seller who has filed such a notice to appear at a public hearing with respect to the justification for such price increase. At the expiration of the period required to be specified in the notice, the price increase may become effective, unless prior thereto a maximum price for such commodity is established pursuant to this title. If a maximum price is not so established prior to the expiration of the period required to be specified in the notice, that fact shall not preclude the establishment at a later date of a maximum price for such commodity in accordance with this title.

"CONDITIONS FOR ESTABLISHING MAXIMUM PRICES

"SEC. 502. The authority granted by this title to establish maximum prices for a commodity shall not be exercised unless it is determined by the President that—

"(1) the price or prices of such commodity have risen or threatened to rise at any time after June 1950 to such an extent as to effect significantly the cost of living, the costs of industrial or agricultural production, or of construction, or the costs of national defense or foreign aid;

"(2) other measures available under this act would not promptly and effectively deal with the rise or threatened rise in prices in a manner consistent with the purposes of this act;

"(3) the proposed action will help to carry out the objectives of this act as stated in section 2.

"DECONTROL

"SEC. 503. Whenever any authority is exercised under this title, the President shall periodically review the conditions of its exercise for the purpose of assuring the removal of such control at the earliest practicable date and, to the extent that he determines that the continued exercise of such authority is no longer necessary to effectuate the purposes of this act, he shall immediately rescind such controls.

"STANDARDS FOR ESTABLISHING AND ADJUSTING MAXIMUM PRICES

"SEC. 504. (a) Whenever in the judgment of the President the conditions set forth in section 502 for the establishment of maximum prices for a commodity have been satisfied, the President may by regulation or order establish such maximum prices for the commodity as, in his judgment, will be generally fair and equitable and will aid in effectuating the purposes of this act. In establishing any such maximum price, the President (1) shall, so far as practicable, ascertain and give due consideration to the prices generally prevailing between May 24, 1950, and June 24, 1950 (or if, in the case of any commodity, the prevailing prices in that period are not generally representative because of abnormal or seasonal market conditions, or other cause, then to the prices prevailing during the nearest period in which, in the judgment of the President, the prices for such commodity are generally representative for such commodity) and shall make adjustments for such relevant factors as he may determine and deem to be of general applicability; and (2) may consider, among other factors which he deems relevant, speculative fluctuations, unusual price relationships, and the level of costs of production, distribution and transportation: *Provided*, That no such regulation or order shall contain any provisions requiring the determination of costs otherwise than in accordance with established accounting methods.

"(b) Before issuing any regulation or order under the foregoing provisions of this section, the President shall, so far as practicable and appropriate, advise and consult with persons who, in his judgment, are representative of the industry which will be subject to such regulation or order, and shall give consideration to their recommendations. In the case of any commodity for which a maximum price has been established, the President shall, at the request of any substantial portion of the industry subject to such maximum price, regulation, or order, appoint an industry advisory committee, or committees, either national or regional or both, consisting of such number of representatives of the industry as in his judgment may be necessary in order to constitute a committee truly representative of the industry, or of the industry in such region, as the case may be. The President shall from time to time advise and consult with the committee with respect to the regulation or order, and with respect to the form thereof, and classifications, differentiations, and adjustments therein, and shall consider any recommendations that the committee may submit.

"(c) After the issuance of any regulation or order establishing a maximum price under subsection (a), the President may on his own initiative or at the request of the industry advisory committee, establish under subsection (b), review and, when he deems necessary, revise the maximum price or prices established by such regulation or order. In making such review the President shall consider, among other factors which he deems relevant, changes in the costs of production, distribution, and transportation since the establishment of the maximum price, and the level of profits earned by sellers of the commodity or commodities.

"(e) Every general regulation issued under the foregoing provisions of this section establishing a maximum price or prices for commodity shall be accompanied by a statement of the considerations involved in the issuance of such regulation. This requirement shall not aply to modifications of any such previous regulation where the President determined that justification for such modification is adequately covered by previously published statements of consideration.

"(e) Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this act, he may, without regard to the foregoing provisions of this section, issue temporary regulations or orders establishing as a maximum price or maximum prices the price or prices prevailing with respect to any commodity or commodities during such period subsequent to June 1, 1950, as the President shall specify; but any such temporary regulation or order shall be effective for not more than 90 days, and may be replaced by a regulation or order issued under the foregoing provisions of this section.

"(f) The President shall make an adjustment for hardship to a seller caused by a maximum price established under this section, if in the judgment of the President such adjustment is necessary to prevent gross inequities and can be made without impairing compliance with the provisions of this title and the effectiveness of the regulation.

"(g) Whenever in the judgment of the President such action is necessary or proper in order to effectuate the purposes of this title, he may, by regulation or order, regulate or prohibit manipulative practices (including practices relating to changes in form or quality) or hoarding, in connection with any commodity, which in his judgment are equivalent to, or are likely to result in, price increases inconsistent with the purposes of this title.

"AGRICULTURAL COMMODITIES

"SEC. 505. (a) No maximum price shall be established or maintained for any agricultural commodity below a price which will reflect to producers of such commodity the parity price, as determined by the Secretary of Agriculture, or, in case a comparable price has been determined for such commodity under subsection (b), such comparable price for such commodity (adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials); and no maximum price shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to the producers of such agricultural commodity a price therefor equal to the parity price or comparable price, as so determined.

"(b) For purposes of this title, in the case of any agricultural commodity other than the basic crops—corn, wheat, cotton, rice, tobacco, and peanuts—the Secretary shall determine and publish a comparable price whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the parity base period as to result in a price, out of line with parity prices for basic commodities: *Provided*, That comparable prices heretofore determined by the Secretary may be used for the purposes of this title.

"(c) Whenever a maximum price has been established, under this title or otherwise, with respect to any fresh fruit or any fresh vegetable, the President from time to time shall adjust such maximum price in order to make appropriate allowances for substantial reductions in merchantable crop yields, unusual increases in cost of production, and other factors which result from hazards occurring in connection with the production and marketing of such commodity.

"(d) Nothing contained in this title shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provisions thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such act.

"SEC. 506. (a) Whenever a maximum price is established under this title with respect to any commodity ceilings with respect to the salaries, wages, or other compensation of individuals engaged in producing the commodity shall be established at the same time.

"(b) The provisions of this title shall apply with respect to ceilings established under this section in the same manner and to the same extent as such provisions apply with respect to maximum prices established under section 504.

"ADMINISTRATION AND ENFORCEMENT

"SEC. 507. (a) The protest procedure set forth in section 203 of the Emergency Price Control Act of 1942, as amended, shall be applicable to this title, except that protests may be filed only within a period of 60 days after the issuance of the protested regulation or order, or, if such protest is based solely on grounds arising after the issuance of such regulation or order, within a period of 60 days after such grounds arise.

"(b) The Emergency Court of Appeals created by section 204 (c) of the Emergency Price Control Act of 1942, as amended, is hereby continued in existence for the purposes of review of proceedings under section 507 (a) of this act, and for those purposes the provisions of section 204 of the Emergency Price Control Act of 1942, as amended, shall be applicable.

"(c) The enforcement provisions of section 205 of the Emergency Price Control Act of 1942, as amended, with the exceptions of subsections (b), (f), and (g) thereof, shall be applicable to this title.

"(d) (1) It shall be unlawful, regardless of any contract, agreement, lease, or other obligation heretofore or hereafter entered into, for any person to sell or deliver any commodity, or in the course of trade or business to buy or receive any commodity, or otherwise to do or omit to do any act in violation of any regulation or order under this title, or to offer, solicit, attempt, or agree to do any of the foregoing.

"(2) It shall be unlawful for any officer or employee of the United States or for any adviser or consultant to the President (or to any department or agency to which functions under this title may be delegated) to disclose, otherwise than in the course of official duty, any information obtained under this title or to use any such information for personal benefit.

"(3) Nothing in this title shall be construed to require any person to sell any commodity.

"(e) The President from time to time, but not less frequently than once every 90 days, shall transmit to the Congress a report of operations under this title. If the Senate or the House of Representatives is not in session, such reports shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be.

"(f) The provisions of the Emergency Price Control Act of 1942, as amended, which are incorporated by reference in section 507 (a), (b), and (c), shall be applied to this title with such changes in designation of provisions as may be appropriate. Reference in these incorporated provisions to the Administrator shall be deemed to refer to the President (or to any department or agency to which functions under this title may be delegated). Reference in those incorporated provisions to a regulation or order issued under section 2 of the Emergency Price Control Act of 1942, as amended, shall be deemed to refer to a regulation or order issued under section 504 of this act. Reference in those incorporated provisions to the violation of section 4 of the Emergency Price Control Act of 1942, as amended, shall be deemed to refer to the violation of section 407 (d) of this act.

"DEFINITIONS

"SEC. 508. As used in this title—

"(a) The term 'sale' includes sales, dispositions, exchanges, leases, and other transfers, and contracts and offers to do any of the foregoing. The term 'sell', 'selling', 'seller', 'buy', and 'buyer' shall be construed accordingly.

"(b) The term 'price' means the consideration demanded or received in connection with the sale of a commodity.

"(c) The term 'commodity' means commodities, articles, products, and materials (except materials furnished for publication by any press association or feature service, books, magazines, motion pictures, periodicals, and newspapers, other than as waste or scrap), and it also includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales of a commodity, or in connection with the operation of any service establishment for the servicing of a commodity: *Provided*, That nothing in this title shall be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees, except as provided in section 506, or (2) rates charged by any common carrier or other public utility, or (3) rates charged by any person engaged in the business of selling or underwriting insurance, or (4) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting station, a motion picture or other theater enterprise, or outdoor-advertising facilities, or (5) rates charged for any professional services.

"(d) The term 'maximum price', as applied to prices of commodities, means the maximum lawful price for such commodities. Maximum prices may be formulated in terms of prices, margins, commissions, fees, and other charges and allowances.

"TITLE VI—GENERAL PROVISIONS

"SEC. 601. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this act.

"(b) In order to carry out this policy—

"(i) the President shall provide small-business enterprises with full information concerning the provisions of this act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this act;

"(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations or orders, or amendments thereto, issued under authority of this act, and in their formation consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

"(iii) in administering this act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this act; and

"(iv) in administering this act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

"SEC. 602. As used in this act—

"(a) The word "person" shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.

"(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

"SEC. 603. The President may delegate any power or authority conferred upon him by this act to any officer or agency of the Government and may authorize such redelegations by that officer or agency as the President may deem appropriate. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this act.

"SEC. 604. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this act. Any regulation or order under this act may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of this act.

"SEC. 605. (a) The President shall be entitled, while this act is in effect and for a period of 2 years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority.

"(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided*, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this act.

"(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the

place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"(d) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than 1 year, or both.

"SEC. 606. The district courts of the United States and the United States courts of any Territory or other place subject ot the jurisdiction of the United States shall have jurisdiction of violations of this title or title I, II, III, or IV or any rule, regulation, order, or subpena thereunder, and of all civil actions under such titles to enforce any liability or duty created by, or to enjoin any violation of, such titles or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this act.

"SEC. 607. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a role, regulation, or order issued pursuant to title I of this act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

"SEC. 608. (a) No act or omission to act which occurs while this act is in effect, if requested by the President and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

"(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General not less than 10 days before making any request or finding thereunder.

"(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

"SEC. 609. The functions exercised under this act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

"SEC. 610. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be addtiional to the number authorized by section 505 of that act.

"(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U. S. C., sec. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

"SEC. 611. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this act by the President and such agencies as he may designate or create. Funds made available for the purposes of this act may be allocated or transferred for any of the purposes of this act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this act. Funds so allocated or transferred shall remain available for such period as may be specified in the acts making such funds available.

"SEC. 612. Any person who willfully violates any provision of section 507 (d) of this act and any person who makes any statement or entry, false in any material respect, in any document or report required to be kept or filed under this act, shall, upon conviction thereof, be subject to a fine of not more than $10,000 or to imprisonment for not more than one year, or both. Whenever the President has reason to believe that any person is liable to punishment under this section, he shall refer the matter to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

"SEC. 613. If any provision of this act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

"SEC. 614. This act and all authority conferred hereunder shall terminate June 30, 1952, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate."

Mr. FULTON (interrupting the reading of the amendment). Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FULTON. Is the amendment being read any different from the original Deane bill, H. R. 9280? If so, I ask unanimous consent that further reading of the amendment be dispensed with and that the gentleman from North Carolina explain the difference to us.

Mr. PACE. Mr. Chairman, I object.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on the Kunkel amendment and all amendments thereto conclude at 2:30.

The CHAIRMAN. The request is not in order at this time; the reading of the amendment has not been completed.

The Clerk continued the reading of the amendment.

Mr. SPENCE (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with, with the exception of the section relating to wages.

Mr. PACE. Mr. Chairman, reserving the right to object, the section on wages is entirely new. I am willing to consent to dispense with the reading of the bill as printed, except as to the paragraph on wages.

Mr. SPENCE. I included that in my request.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk concluded the reading of the amendment.

Mr. DEANE. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DEANE. Mr. Chairman, I trust you will bear patiently with me as I try, if I can, to describe this particular amendment I am offering to the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL]. May I say that I appreciate very much the faithful and tireless efforts the gentleman from Pennsylvania has made in presenting his amendment. I joined with him in committee in voting for consideration of an amendment to the committee bill that would provide price and wage controls, not because I thought it was perfect but I felt our committee should have an opportunity to go into rather exhaustive and full hearings on such an amendment.

I believe that the amendment I am offering is more or less a middle-ground procedure as compared with the very broad bill that was offered as a com-

mittee print yesterday morning and defeated this morning and the Kunkel amendment now pending.

My amendment is the only one that provides for any public hearings to determine whether a commodity should have a maximum price.

If you have before you the bill H. R. 9280 I hope you will follow me as I attempt to describe the provisions of my amendment.

As I attempted to study the provisions of the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL], I am inclined to share with my colleagues the feeling it is mandatory and likewise the amendment offered by the gentleman from Pennsylvania, as I understand it, sets up another OPA. My amendment will not do that. It is discretionary with the President to designate an existing agency, or he may set up an Office of Price Administration or any other agency that will take charge of this particular legislation.

Section 501 reads:

The President may by regulation or order require sellers of any commodity which significantly affects the cost of living, the costs of industrial or agricultural production or of construction, or the costs of national defense or foreign aid to give up to 60 days' notice to the President prior to the effective date of any intended price increase with respect to any such commodity.

After that hearing and in connection with the hearing the prices that are established will be the prices generally prevailing between May 24, 1950, and June 24, 1950.

There is no rationing in my amendment because, frankly, at this time I do not believe rationing is warranted. However, if this particular amendment of mine is adopted, I certainly would accept an amendment for rationing if that is the will of the House.

Before proceeding, let me direct attention to section 503. My amendment is the only one that expressly sets forth that decontrol shall be considered.

The President shall periodically review the conditions of its exercise for the purpose of assuring the removal of such control at the earliest practicable date.

The period for my bill shall terminate on June 30, 1952. The House on yesterday limited it to a period in March, I believe, of next year. Frankly, it seems to me if we limit it to only a period of 7 months, we might just as well have no legislation at all because it will take 2 or 3 months within which to set up any kind of a price- or wage-control procedure.

I would like to emphasize the fact that the amendment that I am offering is not in any case mandatory. After the hearings and maximum prices are established, wages are invoked. I direct your attention to section 506. I read:

Whenever a maximum price is established under this title with respect to any commodity, ceilings with respect to the salaries, wages, or other compensation of individuals engaged in producing the commodity, shall be established at the same time. The provisions of this act shall apply with respect to ceilings established under this section in the same manner and to the same extent as such provisions apply with respect to maximum prices established under section 504.

Thus prices and wages are tied together.

I point out also if labor and management have agreed through agreements that wages shall be determined by agreements previously entered into, then such wage adjustments are protected.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Might I ask the gentleman whether title 4 of his original bill, control of credit and commodity speculation, subtitle (a), consumer and retail credit, or subsection (b), which is the commodity speculation provision, are each left out?

Mr. DEANE. If I may, I will state to the gentleman that my amendment to the amendment offered by the gentleman from Pennsylvania is limited to title 5. It has nothing to do whatsoever with the commodity exchanges. That provision in the bill comes under another title.

Mr. FULTON. In the present status of the parliamentary situation, title 4 is not in then either the Kunkel amendment or the gentleman's amendment.

Mr. DEANE. It is not in mine. I cannot answer for the gentleman from Pennsylvania. But, I think the gentleman is stating the facts correctly.

Mr. FULTON. May I ask one further question? On the control of newspapers, books, and periodicals, does the gentleman in his amendment have any provision like the one the gentleman from Pennsylvania [Mr. BUCHANAN] and I sponsored yesterday, and which was adopted, containing the broad exemption for those items?

Mr. DEANE. I will say to the gentleman that that is not included in my particular amendment because I did not have the time to put it into the amendment in an orderly way. I shall be very glad, of course, to accept it if my amendment is adopted.

Mr. FULTON. I thank the gentleman.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield to the gentleman from New York.

Mr. KEATING. The gentleman has contended that the Kunkel amendment makes immediate price control and wage control mandatory. While I differ somewhat with the gentleman's analysis of the Kunkel bill, I am very much concerned with the delay which seems to be envisioned in the gentleman's bill in sections 501 and 502 about setting up price and wage controls. We are confronted with a pretty serious situation here.

Mr. DEANE. I agree perfectly with the gentleman, but I was advising with my colleague, the gentleman from North Carolina [Mr. CHATHAM], a moment ago, involving certain commodities, which even this particular 60 days' notice might not be sufficient time within which to set up the correct price.

Mr. KEATING. Do I understand from the gentleman's bill that no price or wage control could be set up at all within the next 60-day period?

Mr. DEANE. That is true, but when they are set up the prices that are determined would be those particular prices prevailing during the period from May 24 to June 24, 1950.

Mr. KEATING. In other words, we would be confronted with a situation some 60 or more days hence where a freeze would be instituted extending back to the base period here. Is that correct?

Mr. DEANE. That is correct.

Mr. KEATING. Does not the gentleman feel that if we are going to freeze the sooner we do it the better, and that as envisioned in the Kunkel amendment to do it now or in the very near future would be preferable from the point of view of the economic stability of this country to delaying that action more than 60 days hence?

Mr. DEANE. That is a matter that concerns me likewise. At the same time, as we deal with this particular measure it seems to me it is going to be completely impossible to set something immediately in motion when you think of the great mass of our economy and the commodities involved.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield to the gentleman from Colorado.

Mr. CARROLL. I think the gentleman's way of handling this is the American way. You have 3,000,000 business and about 8,000,000 commodities. It needs consideration. As the gentleman from Oklahoma [Mr. MONRONEY] said the other day, in our desire to move expeditiously we must not work great hardship on a large number of business people.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. MORTON. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield to the gentleman from Kentucky.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on the Kunkel amendment and all amendments thereto conclude at 2 o'clock. This will not preclude the offering of amendments, it merely would conclude debate at that time.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. KUNKEL. Reserving the right to object, Mr. Chairman, a few minutes ago the chairman suggested that all debate close at 2:30. I wonder why he has shortened the time a half an hour, when there are so many gentlemen on their feet who want to speak.

Mr. SPENCE. Mr. Chairman, I move that all debate on the Kunkel amendment and all amendments thereto conclude at 2 o'clock.

Mr. FULTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FULTON. How many amendments are at the desk?

The CHAIRMAN. There are two amendments to the Kunkel amendment.

The question is on the motion.

The motion was agreed to.

Mr. MORTON. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield.

Mr. MORTON. According to the new language which the Clerk read and which you just reread, do I understand this to be the situation? If a commodity is frozen in price and the ceiling is placed on the price, then the wages of those who are producing that commodity are subject to restraint?

Mr. DEANE. That is right.

Mr. MORTON. Obviously that will not work. If we put steel under a ceiling, the men in the steel mills get their wages frozen. But they are not buying steel, they are buying groceries. I do not see how we can possibly do that.

Mr. DEANE. It is reasonable to assume that when the President exerts his authority with respect to one commodity which affects another commodity, both commodities would be under control.

Mr. MORTON. I cannot see how the price of steel would have very much to do with the price of a loaf of bread. But if you put steel, which is in very short supply, under a ceiling, then we would freeze the wages in that great steel industry and the price of bread goes up 3 cents a loaf. Certainly we cannot pass that kind of legislation.

Mr. DEANE. I would remind the gentleman that under the provisions for hearings as outlined in the bill I am satisfied that in the setting up of industry groups to determine what would be the maximum price that a fair adjudication would result.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield.

Mr. KUNKEL. I believe the observation made by the gentleman from Kentucky brought it out very clearly that this strictly contemplates selective price controls on various individual commodities from time to time and on other commodities at other times under the jurisdiction and discretion of the President or his administrator.

There is no thought of any general freeze or any general stabilization of the price level in order to protect our existing economy.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield.

Mr. HOPE. With reference to section 505 relating to agricultural commodities the provisions as I read them say that no maximum price shall be established below a price that will reflect the parity price or a comparable price. However, there is nothing in this provision which deals with the price of commodities which are above parity prices at the present time. Other bills that we have considered have provided an alternative, that the price should not be below the price during the base period.

Does the gentleman's bill have any similar provision so far as agricultural commodities are concerned?

Mr. DEANE. The observation made by the gentleman from Kansas is certainly very timely. This particular provision was drafted with the hope that it would be broad enough to take care of prices that may be higher than parity prices. If the gentleman has in mind an amendment which would strengthen and make more equitable provision in this section, I would be certainly pleased to accept it.

Mr. HOPE. Then the gentleman would have no objection to an amendment which would provide an alternative on prices during the base period.

Mr. DEANE. I certainly would be very glad to consider it.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. DEANE. I yield.

Mr. COOLEY. Does the gentleman's bill contain the original section 411 as contained in the bill which was reported by the committee?

Mr. DEANE. No; it does not.

Mr. PATMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PATMAN. Mr. Chairman, would it be in order to ask the chairman to permit a vote on the Deane amendment first, so that if anyone wants to speak just on the Deane amendment, either in opposition or in favor of it, they may do so, and that then we may vote on it?

Mr. COLE of Kansas. Mr. Chairman, reserving the right to object, there may be other amendments to the Deane amendment, and therefore I object.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. COUDERT].

(Mr. COUDERT asked and was given permission to revise and extend his remarks.)

Mr. COUDERT. Mr. Chairman, in three-quarters of a minute there is not very much that one can say. I want to make this point. We have two problems before us: First, necessary priorities and second, general controls. We are wrestling with two very difficult problems when one would be enough—at a time. I think we should seriously consider passing the President's original request—the original Spence bill, and thereafter if the Committee on Banking and Currency would go to work on Monday and carry on and produce an intelligent and carefully deliberated rationing and price control stand-by bill, which I believe is needed, we would probably end up by getting better results, and getting more effective inflationary controls and also do it to the greater satisfaction of more people. As it stands now I think the Kunkel amendment is the more satisfactory of the attempts to deal with controls.

Mr. JAVITS. Mr. Chairman, I yield my time to the gentleman from Pennsylvania [Mr. FULTON].

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. JONES].

Mr. JONES of Missouri. Mr. Chairman, on June 25 we took about 2 or 3 hours to lift all restrictions on the drafting of manpower. We have given the President authority to call up an unlimited number of men who can be sent to any part of the world. We have taken 4 days on this bill, because we have been fearful of taking away some of the rights of our civilians at home. I am for the immediate imposition of controls on prices and wages and anything else necessary to prevent further inflation and to bring about a return to normal and the return of our boys back home.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. JACOBS].

Mr. COOLEY. Mr. Chairman, may I yield my 45 seconds to the gentleman from Indiana?

The CHAIRMAN. Without objection, the gentleman will be recognized.

There was no objection.

Mr. JACOBS. Mr. Chairman, in three-quarters of a minute allowed to me, I want to speak on behalf of those who do not fully understand either one of these proposals. I think I am speaking for the majority. But I do want to say that I believe the people would like to have prices and wages frozen as of that period in June immediately before the Korean outbreak. Of that I am thoroughly convinced.

I am also convinced that neither of the substitute proposals before us has been thoroughly worked out, and I do not believe that they can be on the floor. Although I want to support the immediate freeze of wages and prices as of that period, I want to know whether or not either of these amendments are so designed as to fairly do that. If so, I will vote for it, hoping it will be worked out in conference. I do not care which side of the aisle it comes from. The boys in Korea are not divided by a center aisle. Neither are the folks out in the country. If someone will explain which substitute, if either, does this, then I will vote for that proposal. If not, then it certainly should go back to the committee. I do not think it has been made clear up to this time.

I hope someone will clarify this point.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. KEATING].

(Mr. KEATING asked and was given permission to revise and extend his remarks.)

Mr. KEATING. Mr. Chairman, I am very happy to follow the gentleman from Indiana and just add this one word. All of the debate up to this point has convinced me that the Kunkel amendment is stronger and more immediate than the Deane amendment. In fact, the objection made to the proposal of the gentleman from Pennsylvania is that it fixes a definite price and wage freeze and goes into effect at once rather than providing, as does the Deane amendment, that nothing be done for at least 60 days and then only after a hearing. In the face of the emergent situation which we face, I think that suggestion is altogether too slow and cumbersome.

I believe, as does the gentleman from Indiana, that the people of this country expect us to pass a price, wage, and profit-control measure, and to do it now, and to make it just as strong as we can, because they are very much upset about the devastating and galloping inflation and they want to join with the boys in Korea in backing this war effort right up to the hilt.

I shall support the Kunkel amendment but if it fails I shall support any other reasonable proposal, by whomever introduced, which seeks to grant authority for a temporary control over prices, wages, and profits.

In this connection, I would like to quote an excerpt from a letter I received today from a constituent. It is typical of many I have had. My correspondent writes:

Now with the situation taking on a critical nature, is the time for action by every person and organization in this country. There should be no exception. The solution is obvious, and I shall be very such disappointed with the representatives of the people if something is not done. That something should be: price control, allocation of essential materials, wage control, higher individual income taxes, and a tax on business which would take practically all of the profits out of war. The last item should not be startling to anyone. If we are to command young men to fight and give up their lives in a stuggle for peace, then we should also command a similar effort from every person and organization. I cannot understand why there should be any question of sacrifice when lives are being offered for a cause which we believe is right. If a program is adopted which will ask something of everyone, then there should be no cause for complaint.

To this, I say "amen." The sentiments here expressed are the reason why I have favored legislation requiring all to share in the sacrifices which naked aggression has forced upon us.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

(Mr. GROSS and Mr. BATES of Massachusetts asked and were given permission to yield the time allotted to them to Mr. FULTON.)

Mr. FULTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON: Add a new section to read as follows:

"Nothing in this title shall be construed to authorize the regulation of (1) rates charged by any common carrier or other public utility, or (2) rates charged by any person engaged in the business of selling or underwriting insurance, or (3) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio or television broadcasting station, a motion-picture or other theater enterprise, or outdoor advertising facilities, or (4) rates charged for any professional services, or (5) materials furnished for publication by any press association or feature service, or (6) books, magazines, motion pictures, periodicals and newspapers, other than as waste or scrap."

Mr. GREEN. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Pennsylvania [Mr. FLOOD].

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. JAVITS. I just want to agree with my colleague the gentleman from Indiana [Mr. JACOBS] and my colleague the gentleman from New York [Mr. KEATING], that the people want a rationing and price control statute enacted today, and I hope the House does it by these amendments.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. KUNKEL. Is the gentleman offering this to my amendment?

The CHAIRMAN. Will the gentleman from Pennsylvania state to which amendment he is offering his amendment?

Mr. FULTON. May I ask the gentleman from North Carolina [Mr. DEANE] if his amendment was not to title V?

Mr. DEANE. That is right.

Mr. FULTON. Beginning with section 501. So that, therefore, his amendment is an amendment to the Kunkel amendment and it is not really to section 214.

The CHAIRMAN. Will the gentleman state to which amendment he is offering his amendment?

Mr. FULTON. On that basis I offer this amendment as an amendment to section 214 of the Kunkel amendment.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield further?

Mr. FULTON. I yield.

Mr. KUNKEL. I might say that this is in keeping with language which I had already included in my bill, although it is a little broader. I will however be very glad to accept it as far as I personally am concerned.

Mr. FULTON. May I ask the gentleman from North Carolina [Mr. DEANE], if he accepts this language?

Mr. DEANE. I accept it.

Mr. FULTON. I may say that this amendment is to permit an exemption for newspapers, books, periodicals, and informational media in the country, but does not refer to newsprint. It also exempts professional services, materials furnished for publication by any press association or feature service, and books, magazines, motion pictures, periodicals, and newspapers other than as waste and scrap.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. YATES. Will the gentleman inform us why insurance companies are exempted? I wonder why the need for exempting them.

Mr. FULTON. Under subsection (2), rates and charges of any person engaged in the business of selling or underwriting insurance.

Mr. YATES. Why is that exempted?

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I am glad to yield to the gentleman from Pennsylvania.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Pennsylvania.

Mr. KUNKEL. I may say to the gentleman that the basis on which insurance rates are exempted is that they are generally regulated by State regulatory bodies. The same is true of public utilities, which is another exemption.

Mr. FULTON. And the same is true for common carriers. They have their regulation, I may say to the gentleman from Illinois. This amendment is sponsored on a bipartisan basis by the gentleman from Pennsylvania and myself, and was offered and adopted by the House on yesterday.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FULTON].

The amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE to the Deane amendment: On page 26, line 15, of the Deane amendment, strike out the period and insert "or the highest price received during the base period as provided in section 504."

Mr. DEANE. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield to the gentleman from North Carolina.

Mr. DEANE. Mr. Chairman, I appreciate the views of the gentleman from kansas and I am sure I can accept and do accept his amendment.

Mr. HOPE. Mr. Chairman, this amendment, may I say to the committee, merely makes the Deane amendment in line with the provisions of the Kunkel bill and the Spence substitute which we considered on yesterday with respect to maximum prices on agricultural commodities. The language is a little different, but the effect is just the same.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. HOPE] to the amendment offered by the gentleman from North Carolina [Mr. DEANE].

The amendment to the amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. MORTON].

Mr. MORTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORTON to the Deane substitute: Strike out section 506 of the Deane substitute.

Mr. MORTON. Mr. Chairman, section 506 is new language which the gentleman from North Carolina read to us and provides that wage and price ceilings have to go in together. The effect of it is merely to freeze wages in those industries where the commodity prices are frozen. There is no relationship between living costs and the cost of the products of heavy industry; that is, no immediate relationship. The only way I see at this late hour to correct it is to strike the section in the hope that the administrator when he puts in any particular price controls will put in at the same time adequate wage controls.

Mr. DEANE. Mr. Chairman, will the gentleman yield?

Mr. MORTON. I yield to the gentleman from North Carolina.

Mr. DEANE. The effect of the gentleman's amendment would eliminate the provision freezing wages when prices are frozen, is that not true?

Mr. MORTON. I certainly do not want to do that, but it seems to me you have a situation now that is almost hopeless. We have to leave it up to the administrator.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. MORTON].

The question was taken; and on a division (demanded by Mr. DEANE) there were—ayes 29, noes 55.

So the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. SHELLEY].

(Mr. YATES asked and was given permission to yield the time allotted to him to Mr. SHELLEY).

[Mr. SHELLEY addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Missiouri [Mr. BOLLING].

Mr. BOLLING. Mr. Chairman, I ask unanimous consent to yield the time allotted to me to the gentleman from Pennsylvania [Mr. BUCHANAN].

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. COX].

Mr. COX. Mr. Chairman, I ask for recognition in order to reemphasize that to me it seems to be the better part of wisdom that all these amendments be turned down; that we return to the Spence substitute, adopt it, and then let all these questions go back to the Committee on Banking and Currency for the immediate study which we are confident the committee will give it. This House is at sea; it does not know where it is, and it would be folly, in my judgment, for us to depart from the Spence substitute.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'HARA of Illinois to the Kunkel amendment: After section 214 add the following section:

"SEC. 215. Whenever prices and articles and commodities and salaries and wages are frozen under this title, rents shall be frozen on the same basis."

Mr. COLE of Kansas. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. COLE of Kansas. Mr. Chairman, I make the point of order that this amendment is not germane to the bill or to the amendment.

The CHAIRMAN. The Chair will state that this is not the same amendment that was offered yesterday. There are other features and other language in the situation we are now dealing with that, in the opinion of the Chair, make this amendment germane to the legislation now under consideration. Therefore, the point of order is overruled.

Mr. O'HARA of Illinois. Mr. Chairman, I think it is plain to the Members on both sides of the aisle that if and when there is a freeze of prices and wages there must be a freeze in rents. It should not be necessary for me to argue that. If my distinguished colleagues are not already cognizant of the grim fact that people in order to exist do have to have roofs as well as food and clothing, and that rents are a real factor in the cost of living, then nothing that I can say in seven-eighths of a minute will change their thinking. So, Mr. Chairman, having left the issue to the common sense and the conscience of the Members, I yield back any of the seven-eighths of a minute that may be left.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. O'HARA] to the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL].

The question was taken; and on a division (demanded by Mr. O'HARA of Illinois) there were—ayes 37, noes 70.

So the amendment to the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. BARRETT].

(Mr. BARRETT of Pennsylvania asked and was given permission to yield the time allotted to him to Mr. FLOOD.)

[Mr. McKINNON addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. HARDY].

Mr. HARDY. Mr. Chairman, it was my purpose in getting this time to speak in favor of the amendment to be offered by the gentleman from California [Mr. McKINNON]. In view of the situation which has arisen, and debate has been limited, we will not have an opportunity to properly discuss the amendment as a substitute for the Kunkel amendment. One-half minute to speak on a subject as important as this is so inadequate that I shall defer any further comment.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. EDWIN ARTHUR HALL].

Mr. EDWIN ARTHUR HALL. Mr. Chairman, I have abstained from debate on this bill. But I want to say this, and I want to go on record, and I want the RECORD to show that I am absolutely contemptuous of freezing milk at 21 cents a quart to the poor consumer and freezing the price of milk to the farmer who is now getting between 5 and 6 cents a quart up my way, so that he cannot get any more; I predict that if this goes through, 1,000,000 cows are going to dry up in New York. Then they will be sold for beef. When this happens, the Armed Forces of the United States are not going to have sufficient food. Millions of people in New York and all the other big cities are going to go without proper nutrition which they need and ought to have.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WHITTEN].

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Chairman, I am opposed to both pending amendments because, in my judgment, the McKinnon provision, which will be offered shortly, more adequately meets the problem. It is my opinion that without delay we should freeze wages, prices, and services. If we will act at once and freeze the prices paid for wages and services at the date of June 25, or a short period prior to that date, we will fix such schedule at such levels as had been built up through the law of supply and demand. Every day and every hour that we wait to act in this case means increases in the inventories that will have been built up in the forces of inflation we will have to try to contain. It increases the amounts that we will have to pay out of the Federal Treasury to get a start. Every day and every hour that we delay we increase the dangers of real inflation, which in the long run will destroy the very foundations of our economy. If we act now, in view of our supplies, it is my belief that rationing will not be necessary.

I know there are those of our leaders who say it is not yet necessary to act. I know there are people on this floor who hope and believe that we do not have to take this drastic action now. Many of those leaders are the ones who felt that after the war was over with Germany and Japan that everything would be all right. When it appeared that everything was not right with Russia they believed that through the Marshall plan and economic assistance we could restrain communism. They are the ones who believed along with the Secretary of the Armed Services that they could cut back and fail to spend much of the money which this Congress appropriated for military preparedness, and that we would be safe enough from Russia. I am sure, Mr. Chairman, they believed we would have little trouble in Korea; that all of these people believed that they were right, but they were wrong. I am sure that those who believe that now is not the time to act to prevent inflation believe they are right, but I believe they are wrong, Mr. Chairman. As hard as it is to freeze wages, services, and prices, I think we must act and act now. Goodness knows if all can do as well as they were doing before June 25, they should feel thankful indeed.

Others that would say this is just an action in Korea and that business should go on as usual, that England policed the world for generations and that business went on as usual at home, I would like to point out that England had a professional army. Their soldiers were in the service because of choice. We have reached into American homes and drafted young men who are today facing the enemy in Korea, and I am not opposed to business going on as it was so far as possible, but I do say that profits, wages, services, and prices too should be held at least to the level that existed be-

fore Korea, and that we should freeze them at that level so that no one at home will make profit out of this tragic war to which we send our young men.

Inflation would ruin all on fixed income. It would deplete the value of insurance, all to the profit of a few wartime profiteers, be they businessmen or labor leaders.

I believe the American people by and large are for such action, now, but unfortunately among our number we have some who would take advantage of the tragedies of war to make money, and it is those that make it necessary for us to hold business down to the level that existed prior to June 25. If they but knew, with inflation, our paper money would mean little. Mr. Chairman, I hope that the pending amendments will be defeated and that the McKinnon amendment will be approved. It is not perfect but it is the nearest approach that we have before us at this time to take the profit out of war and to put the American people and the American Republic solidly behind the troops abroad. With an excess profits tax, we will cover the major home fronts. Mr. Chairman, it is time we faced realities just as those of our leaders who made mistakes in believing that everything would be all right; we must make the right choice now; we must make the hard choice. We cannot make a mistake here by delaying and hoping.

A comparison of the production of steel and other commodities in Russia with that of our own shows that the United States far exceeds Russia in the quantity of production and in its capacity to produce. Russia has only a small percentage of the potential that we have in this country. But, Mr. Chairman, in Russia all that production can and I am afraid will be directed toward the support of any war in which they engage; in fact it is being used in getting ready, before there is any war. Yet there is a serious question in my mind as to how far this country will go in diverting its production to the support of our armed services. I hate to say that. Certainly the attitude expressed here on this floor and in the press in the last few days would indicate that many of our leaders hesitate to take decisive action on inflation and price supports just as they have hesitated to take those actions which might have prevented us from being in the terrible situation we are in today. I for one am ready to act now. I believe the American people are ready for us to act and I hope that this committee will adopt the McKinnon bill, which is the best provision before us to hold down inflation and to prevent enormous profits from the tragedies of war. We have a war, true it is in a small area now, but we too must be ready for any eventuality. Most Americans are solidly behind our men at the front. Let us see to it that all Americans are behind them.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FLOOD].

Mr. FLOOD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FLOOD to the amendment offered by Mr. KUNKEL:

On page 10, line 4 of the Kunkel amendment, strike out all of lines 4 to 7, inclusive.

On page 12, line 21 and line 22 of the Kunkel amendment, strike out all of section 204.

Mr. FLOOD. Mr. Chairman, this is where I came in yesterday with reference to price and wage controls. Again nobody has evinced any interest in the control of profits. You are all very excited and you should be about price controls, but the exorbitant and fantastic profits that you have been inserting in the Appendix of the RECORD, taken from newspapers, nobody seems to be concerned about. You all seem to be quite satisfied and very smug that sooner or later the Committee on Ways and Means or the other body or somebody is going to pass a taxation law which is going to control excessive war profits. I doubt very much if we take a recess in a couple of weeks and then go on a 3-day recess schedule after that that you are going to see any excess-profits legislation come out of this session. But you had better pass a tax on excess profits and quickly.

It does not look very much like it now. My amendment is to strike from these controls, wage controls, until such time as there is legislation adopted by the House, on excess war profits. I refuse to identify prices and wages as analogous. To me profits and wages are entirely analogous. That is the purpose of this amendment. This is the amendment I introduced yesterday to the Spence substitute for the Kunkel amendment. It was defeated. Later, if and when this amendment or the Kunkel amendment is defeated, at the proper time I will introduce language which at least will give expression to the intent of the House on profit taxes in this emergency.

I realize we cannot write a tax bill in this committee. The amendment providing a profits tax in this bill would not be germane, but certainly if I introduce an amendment to the existing Spence bill, if these present amendments are defeated, there could be no reason why this committee and this House could not read into this bill an expression of congressional intent that there be legislation controlling excess war profits. Washington is crawling with people all looking for war contracts. This Congress absolutely must prevent profiteering and stop anyone from making any profit out of war. Good heavens cannot you read the papers—men are dying as we sit here; fighting and dying in Korea and still we have no law to tax the profit out of the activities of those who would try to turn their blood to gold.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FLOOD] to the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL].

The question was taken; and on a division (demanded by Mr. FLOOD) there were—ayes 43, noes 98.

So the amendment to the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman, I offer an amendment to the Deane substitute.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN to the Deane substitute: Add a new section to read as follows:

"Nothing in this title shall be construed to authorize the regulation of (1) rates charged by any common carrier or other public utility; or (2) rates charged by any person engaged in the business of selling or underwriting insurance; or (3) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio or television broadcasting station, a motion-picture or other theater enterprise, or outdoor advertising facilities; or (4) rates charged for any professional services; or (5) materials furnished for publication by any press association or feature service; or (6) books, magazines, motion pictures, periodicals and newspapers, other than as waste or scrap."

Mr. BUCHANAN. Mr. Chairman, this is the same amendment that was adopted yesterday, offered by the gentleman from Pennsylvania [Mr. FULTON] to the Kunkel amendment. I am offering it to the Deane amendment.

Mr. DEANE. Mr. Chairman, I accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. BUCHANAN] to the substitute offered by the gentleman from North Carolina [Mr. DEANE].

The amendment to the substitute was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. KUNKEL].

Mr. KUNKEL. Mr. Chairman, the amendment I have offered clearly provides for ceilings at the retail level. That is covered in subsection (5) on page 11, under the general methods and practice outlined in section 206. I do not have time to discuss it, but I would like to have everyone read section 206 and determine for themselves that it really does give sufficient flexibility for the adjustment and revision of the various ceilings, wages, prices, and services which the Administrator may have placed.

The CHAIRMAN. The gentleman from Kentucky [Mr. SPENCE] is recognized.

Mr. PATMAN. Mr. Chairman, I yield my time to the gentleman from Kentucky.

Mr. SPENCE. Mr. Chairman, the Committee on Banking and Currency carefully considered the amendment which they have reported. We have a well-considered report. The Members of the House had ample opportunity to know and understand the import of that bill. I hope that all ill-considered amendments, which we have had no opportunity to investigate, will be voted down, and that the original bill will be voted up, and then the Banking and Currency Committee can go on and consider these other involved and complicated questions and bring back to the House a bill and a report that will give the Members of the House an opportunity to know what they are voting on.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. BROWN of Georgia. The gentleman is making a request along the very line I have advocated all along.

Mr. SPENCE. That only adds to my confidence in the wisdom of the request, that my good friend the gentleman from Georgia agrees to it. I hope that it will be done.

These are just as complicated and involved questions as taxation which we bring in here under closed rules. We did not ask for a closed rule on this bill because we knew we could not obtain it, but I think we have as much confusion on this bill as we would in trying to write a tax measure on the floor of the House.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, I am in hearty accord with all that our distinguished Chairman has just said. I merely want to add one word. If we must have any stand-by controls as part of this bill then I say to you by all means the best things that has been offered to us to this minute is the Deane substitute for the Kunkel bill. There is nothing mandatory about it; it is a standby power; it is flexible and will give the President some opportunity to put into effect what he deems is necessary when he thinks it appropriate. If you are not going to let the Committee on Banking and Currency bring in a bill, then adopt the Deane bill.

The CHAIRMAN. The time of the gentleman from New York has expired. All time has expired.

The question is on the substitute offered by the gentleman from North Carolina [Mr. DEANE] for the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL].

The question was taken; and the Chair being in doubt, the Committee divided; and there were—ayes 114, noes 127.

Mr. DEANE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. DEANE and Mr. KUNKEL.

The Committee again divided; and the tellers reported that there were—ayes 140, noes 151.

So the substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL].

Mr. HARRISON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HARRISON. If the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL] is defeated, will it be in order to offer an amendment on ceilings and rationing at a later point in the bill?

The CHAIRMAN. Further germane amendments will be in order to the committee bill.

Mr. HARRISON. I thank the Chair.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. KUNKEL. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. KUNKEL and Mr. PATMAN.

The Committee divided; and the tellers reported that there were—ayes 130, noes 165.

So the amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 29, line 15, after the word "appropriate", strike out the words "to promote the national defense" and insert in lieu thereof the following: "in the interest of the national security for the Government to obtain prompt delivery of any articles or materials the procurement of which has been authorized by the Congress exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended."

Mr. WOLCOTT. Mr. Chairman, it will be noted that this amendment strikes out the language in line 15 on page 29, which reads "to promote the national defense," and in substance substitutes the language of the Selective Service Act of 1948, section 18 of which has to do with the utilization of industry.

One of the principal objections to the powers granted in this bill was that it was too broad, and that the President can activate any of the powers in the bill by the mere finding that it is necessary to promote national defense. That language appears fourteen or fifteen different places in the bill, and if the amendment is adopted, it is my purpose to offer identical language in each instance where the language "to promote national defense," or similar language, appears in the bill. It is to restrict the operation of the act and the use of the powers to take plants and facilities, to allocate materials, to exercise priorities, to grant credits and make loans, to do everything which he does under the act, not in the name of national defense alone, but in the interest of the national security and for the prompt delivery of the articles and materials, procurement of which has been authorized by the Congress, exclusively for the use of the Armed Forces of the United States, for the use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949.

What it would do would be to restrict the use of those powers to that field in which the President may operate in section 18 of the Selective Service Act, and we would then be certain that no mistake of judgment could be made; that no strictly civilian enterprise could be closed up or utilized under the mistaken idea that it was in the national defense.

It will be recalled that in the War Powers Act of 1942 there were limiting provisions which limited the taking of properties for the uses which I have mentioned. Of course, we did not have the Atomic Energy Commission then, so I have brought that language up to date.

In the section which we know as 5 (d) of the Reconstruction Finance Corporation Act wherein we authorized the creation of subsidiary corporations we were very careful to provide that those corporations could act only in this field, that they could buy and operate plants only so far as those plants were to be used in the manufacture of war materials. We authorized them to acquire excess stocks of strategic and critical materials for the manufacture of war goods.

This amendment, Mr. Chairman, merely restricts the powers in this act by similar limitations to those contained in the War Powers Act and the RFC Act which we passed for our protection during the last war.

Let me reiterate that it is my purpose, and I think it should be the purpose of all, to give the President all of the powers he had during World War II but, however, no more.

Mr. MULTER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think if the proponent of this amendment were to be frank about this he would say just adopt this amendment and forget about title I. Let me point out to you some of the things this restriction would do, things that occur to me from a very casual reading of the amendment without trying to dig out all of its implications.

Every city and State in the Nation today is devising civilian defense against attack from foreign sources by the atomic and hydrogen bombs. You would be restricted by this amendment from allocating any materials or requisitioning any materials that may be needed by any of those political subdivisions of Government. You would be restricted from permitting the National Government itself to attempt to do anything along that line. You would restrict the Government from taking over necessary plants and facilities that may not be strictly military. You might just as well not pass this bill if you are going to limit it in accordance with the language that is now sought to be inserted.

The bill as it now reads says that the President is authorized to require performance under contracts or orders which he deems necessary or appropriate to promote the national defense, and can order them to take priority over performance of anything else. This amendment that is now offered strictly limits the allocations and requisitions, limits them exclusively for the use of the armed forces, for the use of the Atomic Energy Commission, or for use in connection with the Mutual Defense Assistance Act. In other words, instead of letting us go ahead and set up our civilian defense establishment, unless it is connected with the military, it cannot be done.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. BUCHANAN. The gentleman from Michigan referred to the Second War Powers Act as covering the same language. I believe that is in error in that it was in the peacetime Selective Service Act but not the World War II War Powers Act.

Mr. MULTER. I am glad the gentleman mentioned that. Any powers that are now vested in the President by existing law are strictly and solely war powers. Until there is a declaration of

war, no matter what the existing conditions may be called, we must go along now and perfect these peacetime powers.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. BROWN of Georgia. We are now back on the committee bill.

Mr. MULTER. Yes.

Mr. BROWN of Georgia. I agree with the gentleman that if you are going to adopt this amendment you might just as well kill the whole bill.

Mr. MULTER. I thank the gentleman for that contribution.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky.

There was no objection.

Mr. McCORMACK. Mr. Chairman, I want to make a few observations in reference to the pending amendment which are in no way to be construed as impugning the motives of my good friend from Michigan [Mr. WOLCOTT].

Mr. Chairman, I call attention to the fact that this bill is here not because of what our country does or has done or because of what any one of us has done. There is nothing we want but peace in the world. We have no imperialistic designs or policies. We do not seek 1 inch of territory that any other government has.

This bill is here as the result of the actions of a small group abroad, 12 to 14 men in the Kremlin, who control hundreds of millions of people and determine their policies.

I have repeatedly said on the floor of this House and outside of the House, and I now repeat, that there is only one thing the Communists fear and that is greater power in others than they possess. I am very fearful that if the amendment offered by the gentleman from Michigan is adopted, confining it exclusively to the use of the armed services of the United States, for use of the Atomic Energy Commission, or in connection with the Mutual Defense Assistance Act of 1949, as amended, it will be a sharp limitation upon the development of our power, because we have great power in America for good. We are developing it not only for our own national interests but in the hope that that power will be utilized effectively to bring about future permanent peace. I repeat again, the only thing the Communists and those in control of the Kremlin respect is what they fear and that is greater power than they possess.

I am fearful that unintentionally the amendment offered by the gentleman from Michigan, if adopted, will reduce and minimize the ability of our country to develop to its fullest extent that power which will bring about the respect that we all hope on the part of those who are challenging our way of life. I therefore trust the Wolcott amendment will be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The amendment was rejected.

Mr. McKINNON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McKINNON: Page 30, after line 5, insert a new title as follows:

"TITLE _ —PRICE AND WAGE STABILIZATION

"SECTION 1. It is the purpose of this title to promote the national defense, to prevent inflation and preserve the value of the national currency, to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. All agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes. It is the intent of Congress that the controls provided in this title shall be put into effect simultaneously.

"SEC. 2. Whenever the consumer's price index of the Bureau of Labor Statistics increases by 5 percent or more over the index for June 15, 1950, the President shall establish ceilings on prices (sec. 4), services (sec. 5), and wages (sec. 6), all at the same time, and in accordance with the base period: *Provided, however,* That the President may establish ceilings under this title earlier if he deems it in the public interest to do so.

"TITLE _ — PRICE AND WAGE CEILINGS

"PROHIBITED ACTS

"SEC. 3. (a) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to sell or deliver, or to buy or accept delivery of any article at a price in excess of the celing applicable to such sale.

"(b) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to receive or pay, or to enter into any contract, agreement, or other obligation under which he is entitled or required, or under which he purports to be entitled or required, to receive or pay, for the performance of any services a price in excess of the ceiling applicable to such services.

"(c) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to pay for any labor wage in excess of the ceiling applicable in respect of such labor.

"CEILINGS APPLICABLE TO SALES OF ARTICLES

"SEC. 4. (a) Except as provided in subsection (b) the ceiling applicable to the sale of an article by any person shall be—

"(1) in case the article is the same article as an article sold at wholesale by such person during the base period, the highest price at which it was so sold by such person during the base period;

"(2) in case article is not the same article as an article sold by such person during the base period, but is similar to an article so sold by such person during the base period, the highest price at which such similar article was so sold by such person during the base period;

"(3) in case the article is not the same article as, nor an article similar to, an article sold by such person during the base period, the highest price at which the same article was regularly so sold by any other person during the base period, or if the same article was not regularly so sold by any other person during the base period, the highest price at which a similar article was regularly so sold by any other person during the base period;

"(b) No ceiling shall be established or maintained for any agricultural commodity below the higher of the two following prices: (i) the parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and (adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials), or (ii) the highest price received by producers during the period of May 24 to June 24, 1950, as determined by the Secretary of Agriculture and (adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials); and no ceiling shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the higher price therefor specified above. Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reductions in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural commodity. Nothing contained in this act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such act.

"(c) Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher; *Provided, however,* That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas.

"CEILINGS APPLICABLE TO SERVICES

"SEC. 5. The ceiling applicable to services performed by any person shall be—

"(1) in case such services are the same services as services performed by such person

during the base period, the highest price for which such services were so performed by such person during the base period; and

"(2) in case such services are not the same services as services performed by such person during the base period (or in case such person did not perform any services during the base period), the highest price for which the same services were regularly performed by any other person within the same county or parish, or within the same State if there be no such other person within the same county or parish, during the base period.

"CEILINGS APPLICABLE TO WAGES AND SALARIES

"SEC. 6. (a) Except as provided in subsection (b), the ceiling applicable in respect of labor performed by an individual shall be—

"(1) in case such labor is the same labor as labor performed, whether or not by him, for his employer during the base period, the highest wage paid by his employer during the base period, at the place of employment where such individual is employed, for the same labor to an employee with the same seniority rights and length of service;

"(2) in case the same labor was not performed either by him or any other employee, for his employer during the base period, at the place of employment where such individual is employed, the highest wage paid for the same labor by any other employer within the same county or parish, or within the same State, if there be no such other employer within the same county or parish, during the base period to an employee with the same seniority rights and length of service.

"(b) The ceiling applicable in respect of any labor shall in no case be less than the minimum compensation prescribed therefor in or pursuant to any law of the United States, or of any State or political subdivision thereof, or of any Territory, District, or possession of the United States.

"SEC. 7. Notwithstanding the provisions of sections 4, 5, 6, the President is authorized to establish such ceilings as he may find necessary to accomplish the purposes of this act with respect to (a) new products or services to which there were no similar or comparable products or services during the base period, or (b) commodities, services, or wages directly incident to the production of the actual implements of war.

"SEC. 8. Regulations or orders under this title may be established to provide for such requirements, classifications, and differentiations, and such provisions, including provisions relating to types of employment, and quality, speculation, hoarding, standardization, manipulation, simplification, and production by a manufacturer of a required percentage of the less expensive items of his line, and definitions as in the judgment of the President are necessary to effectuate the purposes of this title, or to prevent circumvention or evasion, or facilitate enforcement, of this title or any regulation, order, or requirement thereunder. Section 504 of this act shall not apply to this title.

"SEC. 9. Whenever a ceiling is established under section 4 (a) at a level lower than the level prevailing at the time it is established the President shall pay equity reimbursements out of funds that are authorized to be hereafter appropriated for that purpose to any person who proves to the President's satisfaction that he will suffer extreme hardship as a result of the retroactive effect of the ceiling, due to normal inventory purchases made after June 24, 1950, and before the effective date of the ceiling.

"SEC. 10. In carrying out the provisions of this title the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

"SEC. 11. Nothing in this title shall be construed to require any person to sell any material or service, or to perform services.

"SEC. 12. The emergency court of appeals created by section 204 (c) of the Emergency Price Control Act of 1942, as amended, is hereby continued in existence for the purposes of this title, and the powers heretofore granted by law to the emergency court of appeals are hereby continued for purposes of exercise of the jurisdiction granted by this title. Within 30 days after entry of a judgment or order, interlocutory or final, by the emergency court of appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and hereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The emergency court of appeals, and the Supreme Court upon review of judgments and orders of the emergency court of appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under this title and of any provision of any such regulation or order.

"SEC. 13. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provisions of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

"(b) Any person who willfully violates any provision of section 3 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than 1 year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

"SEC. 14. Nothing in this title shall be construed to authorize the regulation of (1) rates charged by any common carrier or other public utility, or (2) rates charged by any person engaged in the business of selling or underwriting insurance, or (3) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio or television broadcasting station, a motion-picture or other theater enterprise, or outdoor advertising facilities, or (4) rates charged for any professional services, or (5) materials furnished for publication by any press association or feature service, or (6) books, magazines, motion pictures, periodicals and newspapers, other than as waste or scrap.

"DEFINITIONS

"SEC. 15. For the purposes of this title—

"(a) 'Person' means an individual, partnership, association, corporation, business trust, or any organized group of persons, or any receiver, trustee, or other legal representative of any of the foregoing, and includes the United States, any State or political subdivision thereof, or any Territory, district, or possession of the United States.

"(b) 'Article' means any article, product, material or commodity.

"(c) 'Service' means any service, operation, or function performed otherwise than as an employee by a person (other than a State or political subdivision thereof) for any other person for compensation.

"(d) 'Labor' means any function performed by an individual as an employee of a person other than a State or political subdivision thereof.

"(e) An article shall be deemed the 'same' article as another article if it is identical in every respect with such other article.

"(f) An article shall be deemed 'similar' to another article if it is not the same article but is an article of the same kind and of the same or substantially the same quality as such other article.

"(g) An article shall be deemed a 'new' article if neither the same article nor a similar article was sold during the base period.

"(h) Services shall be deemed the 'same' services as other services if they consist of the same or substantially the same operations or functions as such other services.

"(i) Labor shall be deemed the 'same' labor as other labor if it consists of the same or substantially the same functions and duties as such other labor.

"(j) Labor shall be deemed 'new' labor if the same labor was not performed during the base period.

"(k) 'Sale' means any disposition, exchange, lease, or other transfer, or any contract to do any of the foregoing, and 'sell,' 'selling,' 'seller,' 'buy,' and 'buyer,' shall be construed accordingly.

"(l) 'Price' means the consideration received or receivable in connection with the sale of an article or for the performance of services.

"(m) 'Wage' means the rate of consideration received or receivable for the performance of labor, whether in the form of wages, salary, or any other form.

"(n) 'Ceiling' means the maximum price for which an article may be sold or which may be received for the performance of services, or the maximum wage which may be paid for labor.

"(o) 'Agriculture commodity' includes only an agricultual commodity in the form in which it is customarily marketed by farmers.

"(p) 'Base period' means the period May 24, 1950, to June 24, 1950, both inclusive.

"(q) 'Comparable' means substantially the same real, utility, and neighborhood value.

"SEC. 16. This title shall expire March 31, 1951."

Mr. SPENCE (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

Mr. COLE of Kansas. Mr. Chairman, reserving the right to object, may I inquire of the author of the bill if the amendment submitted to the Clerk is exactly as printed in the amendment submitted to us?

Mr. McKINNON. There have been a few changes which I will touch on in the course of my 5 minutes.

Mr. COLE of Kansas. Mr. Chairman, I know that the gentleman from California would not submit an amendment which we did not have an opportunity to examine and understand. Last night we had a little misunderstanding about permitting an amendment to be voted upon without its being read; therefore I am constrained to object.

Mr. McKINNON. If I may say to the gentleman, I will touch completely on whatever has been altered in the copy the gentleman has, and much quicker than having it read.

Mr. COLE of Kansas. I must insist on my objection, Mr. Chairman.

The Clerk proceeded with the reading of the amendment.

Mr. NICHOLSON (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield to the gentleman from Kentucky.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close at 3 o'clock.

Mr. HARDY. I object, Mr. Chairman.

Mr. McKINNON. Mr. Chairman, I apologize for taking the valuable time of the Members of this body at this late hour. I realize we have discussed comparable things this afternoon, and I will make this as brief and to the point as I possibly can.

Mr. Chairman, I think this matter of price stabilization and wage stabilization is too important for us to skip off this afternoon; that the country at large demands some action by the Congress, and I think we should live up to our responsibility.

In this particular amendment that has just been read there are three changes so far as the amendment is concerned that are not on the copies the Members have. One is a provision in section 2. The additional provision says and, I quote: *"Provided, however,* That the President may establish ceilings under this title earlier if he deems it in the public interest to do so." The first paragraph of section 2 puts the mandatory control upon the President if the cost of living rises by 5 percent, as established by the Bureau of Labor Statistics, and the President must then roll back prices to May 24 to June 24 base. However, a 5-percent rise is a very large rise, and it is not likely to happen in the foreseeable future, unless people become afraid and do more hoarding than they have in the past. So, we are not tying the President's hands by saying he must wait and operate on this particular provision. We are giving the President the power to move in by selective controls, with his hands free, and regulate such parts of the economy that he may deem necessary to keep price stabilization and wage stabilization at a lower level than the 5-percent rise in our first paragraph.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield to the gentleman from New Jersey.

Mr. CANFIELD. Is it not true that the President yesterday severly criticized this provision and said it would be an invitation to increased prices?

Mr. McKINNON. That is true, but there is room for difference of opinion. I do not agree. Further, the addition of this second paragraph to section 2 will have a compensating effect, for the simple reason that he can step in any time prices start to move up and by selective controls start to operate, if necessary. But it is our direction to him that if he does not take action prior to the time that prices go up by 5 percent he shall then do so. I think the people of our country want him to do so; in fact, I believe he would, anyway, but this is one of our directives to him in the form of legislation.

Mr. TAURIELLO. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield to the gentleman from New York.

Mr. TAURIELLO. How did the gentleman arrive at the date of June 15?

Mr. McKINNON. I will be glad to explain that to my friend. The Bureau of Labor Statistics issues a bulletin once a month, in the middle of the month, dated June 15, July 15, August 15, and so on. We want to take a base period from May 24 to June 24. June 15 therefore is the middle point and is the only time in which the Bureau of Labor Statistics issues a report in that respect.

Mr. TAURIELLO. Is it not a fact that prices have been skyrocketing since February, March, April, and May, and that these prices should be rolled back probably to one of the months I mentioned to protect the consumer?

Mr. McKINNON. I would love to do that but, from a practical, workable program, I do not believe it can be done.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield to the gentleman from Illinois.

Mr. YATES. I should like to refer the gentleman's attention to subsection (b) on the second page, where the gentleman says:

> It shall be unlawful regardless of any contract, agreement, or other obligation, for any person knowingly to pay for any labor a wage in excess of the ceiling applicable in respect of such labor.

For instance, the Ford contract recently entered into was hailed by both labor and management as being one which would do much to stabilize labor-management relations. As I understand that contract, it provides for progressive increases for the laborers. The gentleman's section here will preclude the effective operation of that contract, will it not?

Mr. McKINNON. I do not believe any one man can write a complete bill. If such a condition is prohibited in my bill, I would be glad to take the suggestion of the gentleman if he cares to offer it in the form of an amendment at a later time.

Mr. YATES. I was just asking the gentleman's opinion as to whether or not under that section the operation of a contract such as the Ford contract would be practical.

Mr. McKINNON. I would not read it that way, because it says here, "It shall be unlawful to enter into any contract." The contract is already entered into, it is part of the base, and allows the provision of a gradual step-up.

Mr. YATES. Perhaps we are looking at different sections.

Mr. McKINNON. The gentleman is referring to section 3, paragraph (b)?

Mr. YATES. The copy I have is not numbered. I guess it is section 3, paragraph (c), where the gentleman says:

> It shall be unlawful regardless of any contract, agreement, or other obligation, for any person knowingly to pay for any labor a wage in excess of the ceiling applicable in respect of such labor.

Therefore, the Ford Co. could not exceed the amounts it was paying during the base period.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. McKINNON. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield to the gentleman from New York.

Mr. KEATING. I shall support the gentleman's amendment, although I am not entirely in accord with the exact language of section 2 at the bottom of the first page. Am I not correct that this will be our last clear chance in this committee to vote for a bill for price and wage stabilization and some kind of control governing that section of our economy?

Mr. McKINNON. I should think so, but that is only my opinion.

I should like to point out further for the benefit of the gentleman from Kansas that on page 3 we have adopted toward the middle and the bottom of the page the change in the definition of fresh fruit or any fresh vegetable or agricultural commodity in keeping with the rule of the House yesterday on this amendment. We have also added the clause that has been voted on I think twice today and once yesterday, that pertains to the matter of professional services and the exclusion of newspapers, radio stations, picture shows, and so forth.

Aside from that I do not believe there are any changes in the bill other than you have in the printed copy.

Mr. Chairman, I would like to go a little further and explain the bill. This bill does not tie the President's hands. We give him flexible controls as well as selective controls. He has a way to operate if he wishes to move in and do something prior to the time that living costs go up by 5 percent. If he does not do that, then we insist upon rigid ceilings for what we deem the best interest of our country and its people.

The bill provides a psychological assist toward keeping prices down. More than that, it is going to assist us in holding the line now instead of waiting 2 or 3 or 4 or 5 months and then coming in and trying to roll back prices. Then it will be an impossible situation.

I think the time has come to give the President flexible controls if he wants to exercise them. If not, and the need grows critical, the Congress directs him to take positive action.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield.

Mr. MULTER. I must say I differ with the gentleman when he says that this amendment is flexible. The amendment being offered according to section 2 of the bill as read provides in so many words that when the price index goes

up 5 percent the President must establish a ceiling on prices and services and wages, all at the same time. That is an invitation to everybody in the country to boost their prices 5 percent. At least you know that you are going to get 5 percent more than you are getting now. Then the President must act under this bill. I think it very unwise.

Mr. McKINNON. I disagree most heartily with the gentleman from New York.

I would like to point out that the biggest single thing we have in this economy of ours is the voluntary psychological incentives and the willingness among business and labor to conduct their own economy. This gives our people a chance to run their own show knowing full well that if they do not take care of that responsibility then the Government will move in. But as long as they restrain themselves the Government will not step in.

However, if prices start going up, the bill provides for that condition. Under the second paragraph of section 2 we give the President powers to impose selective controls and to move in immediately and put a freeze on prices and wages, even to reestablishing them as of pre-Korean levels.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield.

Mr. JUDD. The second paragraph of section 2 is likely to have exactly the opposite effect from that predicted by the gentleman from New York because the freeze will be of the base period, which is June 15. If they know that they go up 5 percent, then they are going to be "freezed" back to June, and that is an incentive not to increase prices 5 percent, or more, because they do not want to be frozen.

Mr. McKINNON. The gentleman is right because we do have a penalty provision and they are not only stopped where they are, but they go backward.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield.

Mr. BUCHANAN. Let me put the question to the gentleman this way. Suppose the price index drops in the succeeding month, does it mean that he has to remove those controls?

Mr. McKINNON. There is nothing in the bill that would require that. That would be optional with the President.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield.

Mr. FLOOD. The gentleman will agree that if there is a price rise and this is mandatory or automatic at the date you set, there will have to be an automatic wage rise to meet the price rise. You will not object to an automatic wage rise, will you?

Mr. McKINNON. I would object to anything which would discriminate one group against the other.

Mr. FLOOD. Will the gentleman yield further?

Mr. McKINNON. I am glad to.

Mr. FLOOD. The gentleman will not object to any wage rise to meet a price rise, will he?

Mr. McKINNON. I would not.

Mr. FLOOD. Then you are producing a situation under your mandatory provisions, and I say they are mandatory and automatic, at a certain date, when you will be inviting a price and wage rise higher than 5 percent.

Mr. McKINNON. I do not agree with the gentleman. We have taken care of such problems as the gentleman outlines in section 9 by freezing prices as of the base period, and where it creates an inequity we buy out that inequity by providing authority for the Government to make an equity payment where the maladjustment exists, rather than duplicating the mistakes of the old OPA and passing the maladjustments on down the line. Such procedure only compounds the maladjustments and creates the conditions to which the gentleman refers. I believe we have anticipated that condition.

[Mr. SPENCE addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. HAYS of Arkansas. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not recall that in the 7 years I have been a member of the Committee on Banking and Currency I have differed with my chairman on a major issue and I do not enjoy that situation today; neither do I enjoy being on the opposite side of this issue from the President. However, I believe the gentleman from California and those who helped him perfect this amendment have met some of the objections of the President and some of the objections voiced by Members of the House in debate. All of us appreciate the work that the gentleman from Pennsylvania [Mr. KUNKEL], and the gentleman from North Carolina [Mr. DEANE] have done. I appreciate their service in dramatizing the importance of this issue. I believed with the gentleman from Georgia [Mr. BROWN] that we could perhaps take this issue back to the Committee on Banking and Currency and because of its technical character and importance do a better service but, Mr. Chairman, I have abandoned hope of that. I believe we have come to the place where we must either accept the McKinnon amendment in spite of the fact that it may have some imperfections, or have no legislation at all. Because of that I have reached the conclusion that we ought to adopt this amendment.

The lowest common denominator is that the Congress obviously would like to do something to express its conviction that ceilings may be in order to stop inflation. There is every reason for that conviction. We also want to do no injustices to particular groups within the economy.

We must also keep in mind the fact that we will never tie up in one package all the measures that are necessary to keep inflation from overtaking us. I am convinced that an excess-profits tax is a factor. Further, I am not sure but that the Labor Committee has work to do. I had doubts with reference to title V, the Spence substitute. Rigid controls will damage wage-price relationships unless labor participates in some of these decisions. The Committee on Agriculture also has work to do. I think we owe it to our people to tell them that the time may come when some commodities will have to suffer a price lowering in order to maintain a stable economy which makes any price of value. All of these things enter into the calculation.

Let me take a few moments to point out what the McKinnon amendment does and to acknowledge also that it has its weakness. Naturally we want to interfere as little as possible with the discretion of the Executive. This amendment has a scientific basis, for it relies on the index of the Bureau of Labor Statistics and goes into effect when the index has risen five points unless the President shall have acted previously.

The weakness is that changes are being made in the BLS standards themselves. That point has been made, but the conference committee will take note of that and the conferees can adapt the language to the clear purposes of the amendment.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield.

Mr. KEATING. I want to commend the gentleman from Arkansas for his approach to this problem. We do not care whose name is attached to such an amendment. We in this Congress should, and the people expect us to, pass some bill relating to price and wage control.

Mr. HAYS of Arkansas. I thank the gentleman.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield.

Mr. PATMAN. If prices and wages are frozen under the terms of this bill there is no mechanism set up to adjust prices or wages, the way I read this bill; they would just be frozen immediately.

Mr. HAYS of Arkansas. I have said that the amendment is not perfect, but at least have adopted a scientific approach; we have given the President the best method we can possibly provide the cost of living index. But under the amendment offered by the gentleman from California the President can act before the index has risen five points if he wishes. It is flexible to that extent and I think the gentleman will find that it does provide for adjustment.

Mr. PATMAN. Is that not a fatal defect, the fact you cannot adjust wages and prices? There is no mechanism provided to adjust them. It would be purely an inflationary proposition.

Mr. NICHOLSON. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I am very glad that the gentleman from California has offered this amendment. There is not a member of the Committee on Banking and Currency that is more conscientious than the gentleman from California and I want to support what he has done.

Mr. Chairman, the American Legion, a group of men and women who showed the world in 1917 what we could do

whether we were prepared or not prepared, in every one of their conventions has said that when we start drafting men to give up their lives for our country, we should draft labor, industry, and everybody else, and freeze them as of that time.

It seems to me, and I think the gentleman from Arkansas might agree with me, that this bill ought to be sent back to the Committee on Banking and Currency and give everybody in this country, if they want it, an opportunity to give their views to us. When we introduce a bill, we would represent the considered opinion of the people in America. I think that is what all of us are trying to do here. I know I am.

I have seen amendments adopted here that appear laughable to me. For instance, we adopted an amendment offered by the gentleman from Florida [Mr. ROGERS] who is one of the outstanding Members, but he does not know that our people up in Massachusetts and up in Maine fill up their cellars to take care of their needs and the needs of their neighbors during the winter months.

We are passing amendments, we are loading the bill up with something we cannot expect to do without being more or less hypocrites. So I want to go along wholeheartedly with the amendment offered by the gentleman from California. In my opinion, it does not go far enough; that is, do what the American Legion suggested, freeze prices, freeze labor, draft men, and draft everybody else to carry what we have to do in this country. If we would do that, then we would be 100 percent better off.

WE SHOULD PROTECT THE COUNTRY BY STABILIZING THE CURRENCY

Mr. RANKIN. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, it is my intention to vote to recommit this bill to the committee for further hearings and study. I have never seen an attempt to solve a great problem approached in the wrong way more consistently than this one has been today.

It reminds me of a certain emperor in a small oriental country who was once presented a library by the English minister, a library of English classical books. The emperor had his carpenters go out and make him some beautiful mahogany shelves to put them in. But lo and behold when he went to put the books in, he found the shelves were too short. So he just had his carpenters take the books out and saw the ends of them off.

Now, this bill does not touch side or bottom of the real thing that has got to be done in order to prevent dangerous inflation or to control inflation, whichever you want to call it. Prices in a free economy—and I am quoting every outstanding economist I have ever heard speak on the subject—are governed by two things: The volume of the Nation's currency multiplied by the velocity of its circulation.

In 1928, and I have the record before me, on June 30, we had $4,796,621,260 in circulation; roughly speaking, you might say, $4,796,000,000. Cotton was 20 cents a pound and wheat was in proportion. What have we got today? Not $4,796,000,000 but $27,156,000,000 in circulation.

You remind me of a fellow trying to hold the lid that is too small down on a pot of boiling water, with the water spouting up around him. You are not even reaching the gist, the heart of this proposition.

The amount of money in circulation is increasing at the rate of more than $60,000,000 a month.

You are going to have to put a check on the Federal Reserve banks issuing Federal Reserve notes, and stabilize the currency within a given bracket, or else we are going into wild inflation. It cannot be regulated by fixing prices, or regimenting the people. There is also the danger of drastic deflation which might be even more disastrous.

I am for sending the bill back and letting the committee study it and work out a measure that will stabilize the currency and not try to go to the top and appoint a bunch of bureaucrats to try to regulate prices, and everything else except the volume of the currency while the expansion or deflation of the currency runs wild.

That would be like the drunken man trying to lift himself over the fence by his boot straps.

Mr. COLE of Kansas. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Kansas.

Mr. COLE of Kansas. I agree with the gentleman in what he has said. But I want to call the attention of the gentleman to the fact that the Republican members of the Committee on Banking and Currency insisted time after time, and vigorously protested about the fact that we were not permitted to hear any other testimony than three Government witnesses. In my judgment if we had 3 days of hearings on this bill, in addition to what we have had, this confusion would never have occurred.

Mr. RANKIN. This is not a partisan matter with me, I will say to the gentleman from Kansas. The welfare of my country comes above party affiliation. You are dealing here with one of the most serious problems that has come, or will ever come before the Congress of the United States, and the debate shows clearly that you have not gone into it thoroughly enough to understand it sufficiently to present a bill that would regulate the volume of the currency, and thereby curb inflation or prevent drastic deflation that might produce a panic.

But you leave it wide open and come in here with a bill that would attempt to regulate prices, regiment the people, and to prosecute them for hoarding without even touching the real source of the trouble.

I hope that the bill is recommitted, and that the committee will give it further study, hold hearings on it, and bring in a measure that will stabilize the currency and protect the American people from the evils of inflation, and also from the dangers of drastic deflation, which might wreck the economy of the entire Nation.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. STANLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STANLEY to the McKinnon amendment: On page 3, line 16 of the McKinnon amendment, after the word "differentials" strike out the semicolon and insert: "or (3) if for the year 1950 a producer normally does not market a commodity during the period May 24 to June 24, 1950, the highest price received by producers during the first 30-day period following May 24, 1950, in which such commodity is normally marketed."

Mr. STANLEY. Mr. Chairman, I offer this amendment for safeguard or protection to the producers of agricultural commodities.

As the amendment is offered, it is based on one of two factors, the parity price for a commodity as set for the year 1950 or the highest price received by producers during the period May 24 to June 24, 1950.

I offer this amendment because some of the commodities produced by the agricultural producers have already been marketed. There would be then no pattern for the commodities to be marketed after May 24 to June 24.

This amendment provides that for the year 1950 a 30-day period may be established which will set the price of a particular commodity offered during that time that has not already had an opportunity to be offered or has not been processed for marketing by the dates provided in this amendment.

Mr. Chairman, I hope this amendment will be adopted. I understand there is no objection raised to it by the patron of the amendment already offered. I have conferred with him, and he has offered no objection to it.

Mr. ABBITT. Mr. Chairman, will the gentleman yield?

Mr. STANLEY. I yield.

Mr. ABBITT. I understand further that the amendment is only to apply for the year 1950.

Mr. STANLEY. It is only to apply for the year 1950, to even up prices, those that may be received after June 24 with those received by the growers who marketed prior to that time.

Mr. ABBITT. I heartily concur in the gentleman's amendment and hope it will be the pleasure of this Committee to adopt it.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. STANLEY. I yield to the gentleman from Kansas.

Mr. HOPE. Does the gentleman have in mind any particular commodity in offering this amendment?

Mr. STANLEY. There are many commodities to which it would apply. It would apply, of course, to any commodity that was ready for market and had been marketed prior to the period May 24 to June 24. There will be similar commodities on the market later that would not have the same opportunity of price protection that those sold prior to that time had.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. STANLEY. I yield to the gentleman from North Carolina.

Mr. COOLEY. Is it not a fact that tobacco is sold at different times in dif-

ferent belts? At the present time the tobacco auctions have opened only in Florida and South Carolina. They have not opened in the Middle Belt, the Eastern Belt, or the Old Belt, or in the Burley Belt. Therefore, there would be no way to determine the prices unless the gentleman's amendment is agreed to.

Mr. STANLEY. The gentleman is correct. I would say further that tobacco is one of the commodities that has acreage control and marketing quota.

Mr. COOLEY. Unless the gentleman's amendment is adopted, the Administrator would have no alternative in fixing the price level.

Mr. STANLEY. The gentleman is correct.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. STANLEY. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. I wonder if the gentleman's amendment pertains also to manufacturing industries, or does it pertain only to agricultural products?

Mr. STANLEY. It pertains to agricultural commodities only. It deals with the section in which agricultural commodities are dealt with here.

Mr. EBERHARTER. If agriculture is to be given relief because of this base period not fitting in with the agricultural marketing season, why should not business interests be given the same adjustment?

Mr. STANLEY. As far as I am concerned, I would have no objection to such an amendment.

Mr. EBERHARTER. If an industry is in a depressed period and is actually losing money during the period named in the McKinnon amendment, and the index goes up and that company is obviously being hurt because its prices are frozen as of a time when it is selling at a loss, there is no method in the McKinnon amendment whereby an adjustment can be made.

Mr. STANLEY. I would not agree altogether with the gentleman.

FATAL DEFECTS IN M'KINNON AMENDMENT

Mr. PATMAN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, in the McKinnon amendment I think there is a fatal defect. No. 1, I think it is bad because it will be an "inflation escalator" which will force prices up immediately. Second, there is no mechanism set up in the bill to adjust prices or wages after they are frozen. So it occurs to me those are fatal defects right there. If you are going to freeze wages and prices, there should be some way to adjust hardship cases and provide equity where equity is not being received.

Section 9 of the bill provides a way of compensating people who have losses by reason of lower prices. Although personally I favor the Brannan plan because I think it is a fine plan, there are many Members of the House who are opposed to it. They claim it is too expensive. I think the expenses in connection with the Brannan plan would be very small compared to the expenses involved in section 9 of this bill.

Section 9 of the bill says that whenever a ceiling has been established—that is, this quick freeze or this flash freeze deal, where they just freeze them right now with no adjustments, where that is done and it is frozen at a lower level than the level prevailing at the time it is established, the President shall pay equity reimbursements. Do you know what equity reimbursements mean? You know and I know. That means subsidies. The equity reimbursements are to be paid out of the funds that are authorized to be hereafter appropriated for that purpose to any person who proves to the President that he will suffer extreme hardship as a result of the retroactive effect of the ceiling due to normal inventory purchases made after June 24, 1950, and before the effective date of the ceiling.

So there you have a subsidy provided. How much will that subsidy cost? We do not know. Why should the Government pay that subsidy out of the Treasury when, if the consumers pay it, it will be anti-inflationary. We must do something to stop inflation. That is one of the principal purposes of the bill. If you pay it out of the Treasury, it is inflation and if the consumers pay it, it is anti-inflationary. There is a big difference there. That is another fatal defect.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. ABERNETHY. Did we not pay those subsidies under the old OPA law to certain producers of food?

Mr. PATMAN. I do not recall any such provision in the old OPA law. They were bound to have been exceptional cases, and not the general rule.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. TABER. I think the gentleman from Texas has described section 9 correctly. I think it is an absolute menace to our entire economy and that it cannot work out successfully or satisfactorily. There were some subsidies under the OPA, but they were special items which were paid by the Department of Agriculture. This amendment has not been properly considered, and I hope it is voted down.

Mr. PATMAN. I thank the gentleman from New York.

Let me give you some applications of it. Let us suppose there is a bale of cotton involved and the price is rolled back to 30 cents a pound or $150 a bale. The person is compelled to sell it to the textile mill for $150, but he runs to the Treasury and he collects the going price, $50 a bale more or 40 cents a pound. The Treasury pays that. If the consumer paid that, it would be anti-inflationary. If the Treasury pays it, it would be inflationary.

Mr. HAYS of Arkansas. It is not at all different from what the gentleman from Texas and I both supported in the OPA days, consumer subsidies. It was done to spare the people a larger blow in the form of higher prices.

Mr. PATMAN. This is a general subsidy.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent that the gentleman have two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. JAVITS. I point out the consumers' price index of June 15, 1950, was 170.2. The 5 percent plus that is 178.7. We know there have been sensational price rises since June 15, 1950. Can the proponent of the amendment tell us whether or not if this amendment is immediately operative, to wit, today, with the 5 percent rise that has already taken place, therefore we might be passing an ex post facto amendment?

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. PACE. The gentleman's illustration with regard to the farmer with a bale of cotton is not quite accurate, when section 9 appears to be confined only to inventory purchases.

Mr. PATMAN. It does not confine it to "inventory."

Mr. PACE. Yes. It says "due to normal inventory purchases made after June 24."

Mr. PATMAN. Well, I do not know how far that would be. I do know that it authorizes an appropriation of any amount of money to take care of these losses. I do not know whether it will be two billion or ten billion or twenty billion or half a billion, but this provision authorizes the appropriation of money to take care of the difference. I do not know how much that difference will be.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. KEATING. Has the gentleman prepared an amendment to strike out section 9 of the McKinnon amendment?

Mr. PATMAN. No. I do not want to improve it, because I think it is bad fundamentally.

Mr. KEATING. So the gentleman is aganist the whole idea?

Mr. PATMAN. I am against the whole idea.

Mr. KEATING. O price and wage controls?

Mr. PATMAN. No; not against price and wage controls, but I am against the approach contained in this amendment. That is what I am against.

Mr. KEATING. I would think the gentleman would offer an amendment to improve this section.

Mr. PATMAN. I am not trying to improve anything that I am against.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. JUDD. I do not see how you can figure this runs into billions when it applies only to extreme hardships, due to normal inventories.

Mr. PATMAN. Whenever the Government will make up the difference be-

tween the established price and the going price it will run into billions.

Mr. JUDD. But it is limited to a very small number of commodities.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. McKINNON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think the section that the gentleman from Texas has been talking about needs a little explaining. We all know that the reason the OPA was such an awful headache during the last war was because whenever an adjustment was made at one end of the supply line that adjustment was only compounded in its troubles as it went on down the line to the final consumer, and the consumer finally paid the bill. But he was an individual. A lot of these hardships fall on him individually. It is to the welfare of both society and the Government that a good rigid policy of price controls be effective; a price control proposition that can hold the line. The gentleman from Georgia [Mr. PACE] asked a few days ago what would happen to a textile mill that honestly went out and bought some cotton for his inventory. Between the time he bought that cotton and the time the roll-back order came, reestablishing prices on the peace level, it is fair to penalize him to that extent, or should you give him an adjustment? That adjustment goes on down the line. It throws out of line the wholesaler, the retailer, and wages. It compounds our difficulty no end. Since it is to be of advantage to society as a whole to hold this line, it should be the Government's business to move in quickly and adjust there inequities right at the source, rather than to pass them down the line. The cost will not be excessive compared to the value because it will only apply to the period between the time the price roll-back takes effect and the peace period. It will be an adjustment period of 2 or 3 months, perhaps, but after that period is out of the way we have established a sound and lasting foundation, instead of the constant maladjustments that characterized the life of OPA and caused terrific expenses to business, labor, and the consumer. Before a retailer, wholesaler, or manufacturer can establish his claim, he must prove an extreme hardship—one that threatens to put him out of business.

I am positive that this provision will save us a great deal more money than not to have it. An adjustment is going to cost money. We either pass it along the line until it finally ends up with the consumer paying compounded costs, or we step in as the Government for the best interest of the Nation and take care of a smaller cost there and then, once and for all.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield.

Mr. JAVITS. Does the gentleman know what the consumer's price index was on July 15, 1950?

Mr. McKINNON. I have an idea what it was. I might say to the gentleman from New York that I think a 5-percent increase is waiting too long. I don't believe we should wait that long, but we do provide a directive from the Congress to the President that we want action before prices get completely out of line.

Mr. JAVITS. The Bureau of Labor Statistics price index on June 15 was 170.2. Five percent plus that would be 178.2. There have been many rises since June 15. I ask the gentleman whether or not his amendment would be effective today.

Mr. McKINNON. It would not because the Bureau of Labor Statistics does not very closely approach that today. Furthermore, we give the President power to step in himself if he wishes to before the 5-percent increase occurs.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield.

Mr. CELLER. The amendment offered by the gentleman primarily sets up a factor, namely the Bureau of Labor Statistics vital living statistics. Would not the gentleman think that there were many, many other factors just as important that go into the making of a price? For example, the moral factor, the psychological factor, the factors of supply, bottleneck supplies like coal, steel, aluminum, manganese? And if one of those bottleneck commodities rise insofar as its impact on other commodities is concerned all commodities rise. Would the gentleman say that his criteria are sufficient to do justice to what the President might do with reference to stopping inflation?

Mr. McKINNON. I think the authority contained in the amendment is ample, for we give the President the power to take a hand right now, if he concludes it advisable to do as the result of all information available to him.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. McKINNON. I yield.

Mr. CRAWFORD. Does not section 9 that is here presented apply to any and every kind of inventory that might be on the shelves of any dealer in the United States?

Mr. McKINNON. I think you can stretch it that far, but I might add that in a lot of these cases there will not be sufficient dollar hardship to justify coming to Washington and demanding a rebate; in most cases they will absorb the loss for their cases will not be extreme.

Mr. CRAWFORD. They do not have to come to Washington to make a claim. Immediately there would be set up in every trade association of the United States a service department and you would begin to pile up claims to the extent of four, five, or six hundred thousand.

Mr. GWINN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I agree with the gentleman from Texas not only that section 9 is fundamentally bad, but section 2, page 1, is fundamentally bad. It provides that if prices rise 5 percent or more then the President may fix prices and wages back to a base period. Can you imagine labor including provisions in contracts for a 5-percent increase consenting that the President roll back their wages to a base period of June 15, 1950?

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. GWINN. I yield.

Mr. PACE. If everybody else should roll back their prices what objection would labor have to rolling back its wages to a comparable date except a handful who had a favorable contract?

Mr. GWINN. As a matter of practical politics, does the gentleman believe the President is going to roll back wages once established?

Mr. Chairman, the thing that disturbs me about all this debate is that our memories are so short that we forget that we won the First World War in a free economy. We then produced and invented and outproduced the rest of the world. We got well under way in the Second World War in production, which was amazing to the world, before price controls came on. We won the election in 1946 because the people wanted in a kind of whirlwind protest to eliminate the whole concept of price control because it reduced the production of beef, butter, and the essentials of life.

We forget that only the free countries, with the all-out dedication of the individual productive and creative power, are the only economies that win wars in modern times. Many of the war economies lose their wars. Why should we fight a war if we are going to imitate Stalin and fix our prices and manage costs so that the individual cannot pay the price of his production? If we are going to join the rest of the world and establish a managed economy as our concept in modern times, let us join Stalin instead of fighting him.

If we want to look at the managed economy, let us look at what the price of corn is today. We have corn at $1.42 a bushel and we have beef and pork at a price that the people cannot pay. So the farmer cannot pay his costs. He kills off his beef animals and his dairy animals and quits raising young stock.

Today the clamor from the people is coming to us for control of prices. To the extent they are clamoring, which is greatly overemphasized, they are angry because we have got controls now that make it impossible for us to produce beef and butter and milk and sell it to the people at market and pay $1.42 for corn.

Let us get rid of this control concept and get back to the committee bill and not try to write impossible legislation on this floor. Let us vote for the things that the committee originally had in its bill.

Mr. BUCHANAN. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, the statement has been made here earlier by the chairman of the Committee on Banking and Currency that the proposed amendment offered by the gentleman from California [Mr. McKINNON] and amended in the form of an amendment offered by the gentleman from Virginia, came as an original proposal from the Governor from Connecti-

cut, Chester Bowles, former OPA Administrator.

I have in my possession a letter from Mr. Bowles which was written to every Member of Congress, and especially to Senator MAYBANK, in which he points out this language which is identical in this proposed McKinnon amendment:

This stand-by price-control law should provide that if at any time after 60 days following the passage of the act, the consumer price level as reported by the Bureau of Labor Statistics rises—say 5 percent above the level of June 15, 1950, a complete program of economic controls would automatically go into effect. This program would include:

1. A return of all prices including consumer prices to the level of June 15, 1950. Adjustments above that level should be strictly limited to special cases.

2. Whatever wage controls may be necessary to maintain these prices.

3. Authority to ration consumer commodities in short supply. In my opinion, based on several years of wartime experience, consumer rationing is definitely not needed now. I doubt that it will become necessary in the future unless our military requirements approach those of World War II.

4. Authority to allocate manpower. Again this is only a last ditch possibility.

5. An excess profits tax, retroactive to July 1, 1950, with rates high enough to eliminate all profiteering.

Commenting further, I should like to point out that it has been proposed that price-wage control authority not be used until the consumers' price index has risen a given percentage above the June 1950 level. This proposal is undesirable for the following four reasons:

First. It would be undesirable to tie control authority to any price index which measures the average rise in prices.

Such a formula ignores the fact that an average rise in prices is generally composed of very large price increases for some commodities and of much smaller increases or none at all for a large number of commodities. To prevent a broad general rise in prices, it would be necessary to take action with respect to the prices of those commodities which have advanced very sharply or are threatening to do so. The index formula would tie the hands of the President in those areas where he should be taking prompt action before the index reached the permissive level.

Second. It would be very difficult to decide what percentage of price increase should be allowed before action could be taken.

If the percentage were set at a high level, it would tie the hands of the President in the areas where prompt action is needed. It would then encourage sellers to raise their prices as fast as they could and eliminate any restraint on holding prices which now exists. If it were set at a low level, it would have litle meaning. at a low level, it would have little meaning.

Moreover, prompt action is made difficult by the fact that the index of consumers' prices is only available about 5 weeks after the day on which the retail prices are collected. Consequently, even though the index had reached the level at which action could be taken, this fact would not be known for a month or more after the event.

Third. Such a formula would create enormous administrative and practical problems if it required mandatory action whenever the price index reached a certain level.

If, for example, it required a given type of roll-back to levels in a specified base period, the ease of doing this would depend on how far back that base period was. It is more important to prevent any excessive price increases than to try to roll them back after they take place.

If a mandatory roll-back to a pre-Korea base is required, should, for example, wage increases which reflect increases in productivity, and which do not affect the cost of production, also be rolled back?

If no mandatory roll-back is required but prices are frozen at the levels they have attained when the index reaches the specified level, it penalizes those who did not raise prices very much while conferring enormous benefits on those who did.

Fourth. This proposal ignores wholesale prices, which generally precede a rise in retail prices.

By the time retail prices have risen a certain amount, wholesale prices will have risen far more. To take action only when the consumers' price index has risen a certain amount will mean that wholesale prices have already risen far more, thus creating a very difficult problem of maintaining a fair relationship between wholesale and retail prices. It is very important to ensure that wholesale prices are kept from rising excessively to prevent pressure on retail prices.

All of the above objections underline the need for a flexible approach to the problem of price and wage control. Any attempt to strait-jacket the economy into a rigid formula will cause great difficulties and inequities. Price and wage controls must take into account the proper relationships between prices and wages at different levels of production and distribution. A great deal can be accomplished by selective price control when action is necessary. Any attempt to prevent such selective action until prices have risen by a specified amount and then to require mandatory across-the-board action could create more harm than good.

We are in a situation similar to attempting to write a tariff bill, an appropriation bill, a revenue bill, an income tax bill or a social security bill when you are trying to write a price and wage stabilization bill here on the floor of the House. I most earnestly request that the Committee on Banking and Currency be given an opportunity at the earliest possible time to consider a matter of this character.

I think the full committee should have an opportunity to consider legislation of such a wide sweeping character.

Two recent editorials one in the Washington Post of August 3 and the other in the New York Times of August 4 point up this situation.

They follow:

[From the Washington Post of August 3, 1950]

STAND-BY CONTROLS

As a precautionary measure it may be desirable to give the President powers to impose consumer rationing and price and wage controls. This the President has now recognized. But he insists—rightly—that it be left to his discretion to decide when to invoke such powers and where to apply them. If this country should become involved in a full-scale war requiring all-out mobilization of its resources, a comprehensive control system like that advocated by Mr. Baruch would undoubtedly be essential. However, the partial mobilization in prospect does not call for immediate resort to such extreme measures.

We greatly fear that the public has been led to believe that an immediate freezing of prices—and possibly wages—would put a stop to hoarding and price gouging. This would not be the case. Suppose that prices were to be frozen at present levels or at the levels prevailing immediately before the Korean outbreak. The result would be widespread demoralization and eventual paralysis of some industries. Manufacturers, wholesalers and retailers could keep going until their inventories were exhausted. But when they had to replace them at higher prices, some concerns would be forced to sell at a loss or go out of business.

Remember what happened when the OPA ordered a general price freeze in March 1942? It was overwhelmed by a flood of petitions for price adjustments from concerns squeezed between the ceiling prices of replacements supplies and other costs. Although a huge price organization had been built up by that time, and an industrial allocation and priority system had been in operation for many months, that price freeze resulted in gross inequities and delayed for a long time the introduction of an improved system of dollars and cents pricing.

At present there is no price control agency prepared to tackle the job of maintaining retail price ceilings, and the American people, who have never taken kindly to economic regimentation, would have good cause to turn against an administration that prematurely attempted to enforce such controls. Moreover, price roll-backs are practically impossible to effect, and even if prices were rolled back to a fixed date, the prices of some commodities would still be too low or too high with reference to the general price level.

Wage stabilization presents even more knotty problems—political as well as economic. Unless organized labor agreed to support the proposal, strikes would follow and production would be retarded. Effective control over food prices at retail levels is also impracticable without radical modification of agricultural price-support laws. All these changes would, we believe, be accepted by industrial wage earners and farmers, if the necessity arose, but the experiencees of World War II are proof that a section of the public resents and resists direct consumer control measures even under conditions of extreme danger. OPA's struggle with meat rationing is a case in point. Retail meat prices were controlled, to be sure, but meat disappeared and consumers unwilling to pay exorbitant black-market prices had to be content with meats of very inferior quality, or not meat at all.

What we need at the moment is time—time to assess the effectiveness of the President's restricted control program; time to discover how great a strain the armaments program is going to put on the economy; and time for the administration to build up an organization that will provide a basis

for a more comprehensive control program, if it eventually becomes necessary to invoke the stand-by control powers that Congress is now considering.

[From the New York Times of August 4, 1950]

HYSTERIA ON CAPITOL HILL

The House voted tentatively yesterday to go far beyond providing the President with stand-by controls over prices and wages in case of serious rearmament inflation. It passed by a voice vote an amendment to the pending Defense Production Act which would invoke such controls automatically when and if the Government's cost-of-living index reached a level 5 percent higher than that prevailing on June 15.

The fact that the House could approve such a proposal even tentatively reflects a lack of understanding of the problem before it and of the possible consequences of its action that are gravely disturbing. Only a few short weeks ago this same Congress was making plans for a sweeping reduction in excise taxes, although the Federal Government was then running in the red at a rate of more than $5,000,000,000 a year. This newspaper and many others warned more than once in recent months that the time was at hand to consider a reversal of the inflationary fiscal and monetary policies then being pursued; but until the Korean invasion such warnings fell for the most part on deaf ears.

Then the administration, acting with commendable intelligence and speed, moved toward disinflation with the Defense Production Act and a request for an increase of $5,000,000,000 in taxes. And now Congress, suddenly aroused from a deep slumber by the flurry of scare buying which has followed the outbreak of Korean hostilities, has given way to hysteria. Before a single one of the anti-inflation weapons proposed by the administration has even been tested, it is demanding that the country be plunged into the kind of regimented economy that would require a police state to enforce it.

"To propose a complete freeze of the domestic economy at this time," declared Leon H. Keyserling, chairman of the President's Council of Economic Advisers, "would be fantastic. For the next year," he added, "you'd do nothing else but throw out 90 percent of what you froze. The first mobilization task," declared the President's chief economic adviser, "is to figure out what your top problems are, and then clear them up. Those top problems are mandatory allocations of scarce materials, credit controls and higher taxes."

Whatever may be said for an all-out freeze of the economy when war, as in 1942–45, was the almost exclusive business of the United States, and when the Government was running an average deficit of more than $54,000,000,000 a year, it is plain economic quackery to suggest that the same prescription is indicated when only 10 percent of the Nation's product is marked for defense, and when the administration has made it clear that it means to finance the defense effort on a pay-as-you-go basis.

Mr. SPENCE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SMITH of Virginia, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. HOFFMAN of Michigan asked and was given permission to extend his remarks at this point in the RECORD.

AN ABSURDITY

Mr. HOFFMAN of Michigan. Mr. Speaker, to ban all war, establish world peace, the United Nations was created. Fifty-nine nations signed, Communist Russia being one of them. The agreement was that all, standing against a single agressor or group of aggressors which might war against any member of the organization, would suppress such aggressor. Unfortunately, there was no adequate method of preventing a member nation either instigating or starting a war; hence world war III is here.

After Germany and Japan surrendered, by agreement, in the southern half of Korea, the Republic of Korea was established. Control of the northern half Russia assumed.

United Nations and its adherents and some internationalists in this country evidently assumed that dollars, ideas, and propaganda could successfully resist armed might. Acting under that theory and to aid the underprivileged carry the "four freedoms" into South Korea, we poured around a billion dollars into South Korea—to increase agricultural and industrial production—but spent no money on armament.

United Nations permitted—and in fact we as a member encouraged—the Communists, directed by Russia, to drive the Nationalist Chinese Army out of Manchuria and, finally, without opposition from us or United Nations, they took over China, forcing Chiang Kai-shek and the remnants of the Nationalist Army to flee to Formosa. Then the North Koreans, undoubtedly inspired by Russia, invaded the Republic of South Korea.

At the request of the Security Council of the United Nations, passed on to President Truman by the United Nations itself, he ordered our Armed Forces to join the South Koreans in opposing the invasion of their country.

In that effort, our Armed Forces have lost many men. Overwhelming numbers and superior armament, including tanks and artillery, to resist which they had no adequate equipment, have driven them to the southeastern tip of Korea, where a few days ago they were ordered by their commanding officer to stand or die. Many of them, who have not the faintest knowledge as to why they are there, no interest whatever in United Nations or any other country but their own, will die.

While they are dying in their effort to repel the Communist hordes, directed by Russian officers, armed with Russian implements of war, Jacob Malik, the Soviet Union's delegate to United Nations—notwithstanding Russia's withdrawal months ago of its former representative—at Lake Success, in New York, here in America walks back into the United Nations organization and, believe it or not, assumes the presidency of the Security Council.

His first act is to demand that the representative of Nationalist China, which has been and which still is fighting the Communists in China, be ousted and that the representative of Red China be admitted in his place and stead. Such action would increase the voting strength of the Reds.

Now, I ask you, is there anything more absurd than to call for the expenditure of billions of dollars, an army of three or four million young Americans, to fight Communists in Korea, while, at the same time, we take orders from an organization presided over by a representative of Communist Russia, which, according to persuasive evidence, is directing the efforts of the North Korean armies who are slaughtering yours sons, brothers, and husbands in Korea?

If our men must fight the Communists in Korea or elsewhere, it is an absurdity and, in my judgment, a betrayal of our men, to permit Jacob Malik or any other Red to sit as president of the Security Council or even as a member of United Nations. There, he and those who vote with him are in a position to obtain and pass on information which undoubtedly would aid those fighting our men in Korea or elsewhere.

PERMISSION TO ADDRESS THE HOUSE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PROGRAM FOR NEXT WEEK

Mr. HALLECK. Mr. Speaker, I take this time to inquire of the majority leader as to the program for next week.

Mr. McCORMACK. On Monday there will be the call of the Consent Calendar. Following that will be H. R. 8396, Disasters Aid to States, and H. R. 9129, Federal Property and Administrative Services Act of 1949.

On Tuesday we shall continue the consideration of the Defense Production Act of 1950 under the 5-minute rule. There are primaries on that day, and, in accordance with our practice in regard to roll calls on days when primaries are being held, if there is to be a roll call on final passage on Tuesday it will be postponed until Wednesday. However, I hope every Member will be here Tuesday, because the consideration under the 5-minute rule is very important. Of course, the consideration of that bill will continue until the bill is disposed of.

If either one of the bills I have put on the program for Monday is not disposed of, that will follow the disposition of the pending bill. Thereafter, the freight forwarders bill will be in order. I cannot make a definite commitment as to the day it will be brought up, because it is impossible to state a particular day, but it will not be before Wednesday in any event, and probably will be Thursday. However, on Thursday the social

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81st Congress, 2d Session | SENATE | Report No. 2250

THE DEFENSE PRODUCTION ACT OF 1950

August 7, 1950.—Ordered to be printed

Mr. Maybank, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany S. 3936]

The Committee on Banking and Currency, to whom was referred the bill (S. 3936), to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

General Statement

The seriousness of the situation which was thrust not only upon the United States but upon the whole world as well when the forces of communism were unleashed on the Republic of South Korea has impressed upon every American the necessity and importance of taking prompt and vigorous action to meet the threat of Communist aggression. This situation has been the motivating factor in all the considerations of your committee in making an effort to bring out a bill broad enough to give the Executive necessary powers to cope with this critical situation, but not so broad as to regiment the economy of our Nation to the extent that the fundamental democratic principles of free enterprise are endangered. The dilemma presented was, on the one hand, being too late with too little or, on the other, of fettering the business of our country and seriously hampering the economy. In furtherance of the effort to meet the threat of Communist aggression the United States is continuing to conclude regional agreements for national defense. These programs will involve a substantial expansion in the military power of the United States.

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They will also require a sharp increase in our contribution to the military strength of the nations associated with us in these mutual defense agreements.

In his message of July 19, the President recommended a number of major changes in national economic policies, which he judged to be necessary to assure that these expanded military programs would be met fully and without delay, while at the same time protecting essential civilian needs and combatting inflation.

These recommendations included requests for authority to establish priorities, to allocate critical materials needed in the national defense, to requisition necessary equipment, supplies, materials, and facilities to provide for the expansion of productive capacity by a system of loans to private business enterprises, guaranteed loans in connection with national defense contracts, a program to accelerate and supplement stockpiling, authority to establish new Government corporations of the type in being during the recent war, for reasonable controls on the use of credit for consumer buying as well as on real estate, and for the control of speculation in commodity markets.

Also on July 19, the President reported to the Congress on the developing international situation. He requested the appropriation of some $10,000,000,000 to permit a substantial enlargement of military procurement. Since that date, further appropriations have been requested, bringing the total recommended increases in appropriations for national defense purposes to over $16,000,000,000. It is recognized that the constantly changing situation may require even larger expenditures.

In his mid-year economic report, transmitted to the Congress 1 week later, the President described in greater detail the economic impact of these preparedness measures and the need for additional governmental authority. The President emphasized that governmental actions to meet this situation must proceed along three lines. First, he stressed that much can be done to limit private demand and thus to restrain inflationary pressures by the use of broad fiscal and credit measures. Second, he emphasized that even with vigorous action in the general field of fiscal policy and credit control, a number of particular commodity areas will present such conditions of tight supply and strong inflationary pressure, that other more direct and selective controls, including priorities and allocations, will be needed to assure military and essential civilian production and to contain these inflationary price pressures and prevent their spreading to other commodities. Third, the President underlined the important fact that, in an economy as highly productive and flexible as is the American economy, the most satisfactory method of meeting the problem of increased requirements is expanded production.

In his midyear report, the President commented on this subject of productivity as follows:

> This appraisal of our general productive strength is significant, but it does not cover the whole situation with which we now must deal. The specific requirements of our enlarged military effort cannot be spread over the whole economy. Instead, they will fall most heavily upon certain sectors, and our expansion of production can only partly be concentrated within these specific sectors. In many of these sectors, moreover, shortages and price increases were apparent even before the developments in Korea. These shortages have become more critical during the past month. They must be dealt with promptly, not only to support the military effort but also because if they are allowed to get out of hand they will increase the dangers of general inflation.

The steel industry has been operating above rated capacity almost continuously since April, and an increase in the military use of steel under the program which I have recommended will further increase the strain on supplies. Copper has been in such short supply that demand has exceeded output, and domestic stocks have been dwindling. Aluminum production is now going forward at 100 percent of capacity, and is booked solid for 6 months ahead. And the stepped-up military and stockpiling program will add to demand.

These shortages, and some others in strategic areas, have been reflected in the price structure. During the first half of this year, before the Korean situation, wholesale price increases were generally moderate. But there were sharp increases in the prices of lumber, copper, zinc, scrap steel, and rubber.

In the interests of the military effort, action is needed now to direct the use of some commodities essential to the national defense, and in some cases to increase the output. This is necessary also to reduce inflationary pressures.

Thus we are faced with an over-all economic situation which is essentially strong although threatened by considerable general inflationary pressure, coupled with intense and rising pressures in limited areas.

Events since these messages to Congress have emphasized and clarified the size of the demands which our expanded defense programs are placing upon the American economy and the economic distortions and inflationary pressures which they are creating. These events have also demonstrated that the economic impact of these stepped-up programs cannot be measured solely in terms of the magnitudes directly involved, but can be assessed only by taking into account the indirect effects of increased buying by business and by consumers caused by the mere anticipation of increased military expenditures and by fear of possible shortages and rising prices. Thus it seems clear that a $16,000,000,000 increase in Federal defense expenditures may have an effect on the demand for goods and services which will be several times that amount.

Never in our history have we been so strong, has our national product been so high, has the diversity of employment, plant location, and sources of supply been so extensive.

The President in his message referred to our current total output of goods and services of almost $270,000,000,000 a year. He referred also to the 61½ million people now in civilian employment and to our huge production of steel, electric power, and food. American plant capacity was expanded greatly during World War II. In the 5 years since 1945 American business has built and added to its productive facilities $115,000,000,000 of new plants and equipment. Our over-all capacity to produce has been increased by 40 percent since 1940.

The Secretary of Commerce in his testimony before your committee outlined the general productive and supply position of our economy.

Our supplies of steel, nonferrous metals, lumber, rubber, coal, oil, and transportation are far greater than for the period prior to World War II. In 1940, we were dependent completely upon natural rubber for the production of rubber products. Today, we have a synthetic rubber industry capable of rapid expansion and now producing substantial quantities.

In 1940, our outlook for adequate oil supplies was unfavorable. Today, the domestic and Western Hemisphere reserve producing capacity, together with refining capacity to process the oil, is adequate to meet foreseeable needs.

Our transportation system has a far greater capacity than prior to World War II. Locomotives and freight car capacity exceeds prewar levels. Private and commercial vehicle registrations in 1949 were 36 percent greater than the 1939–41 average. In the 1939–41 period,

American-flag vessels in the overseas trade totaled 563 with a gross tonnage of 3,400,000. We have, including reserve fleets, more than five times as many ships with a gross tonnage proportionately greater. Our oil gathering and trunk pipelines are 22 percent greater than prewar.

General industrial machinery capacity is two and one-half times larger than prewar. In machine tools, present production is utilizing only one-half of the capacity available.

Not only do we have a vast addition to our plant capacity and productive capacity, but it is better distributed than in 1940. The shift of population to the West has been accompanied by a shift in industry locations. The movement of plants toward the west coast has made it easier to operate in the Pacific than was true in 1940 and 1941.

We have thousands of airfields, shipyards, and other facilities available for use whose building in the early forties required not only a vast number of man-hours but tremendous quantities of steel, cement, and other basic materials. Most of the additional productive facilities which World War II required are available to be converted, if conversion proves to be necessary, without the drain on critical materials which was required to construct these plants in 1940, 1941, and 1942.

In spite of these considerations we are at the moment faced with certain grim problems. Much of the capacity available is now being fully used. There are already some shortages of materials, and our economy is operating at a very high tempo. The peacetime demand by businessmen and consumers has been due to confidence in our future. The recent increase in demand in certain areas is undoubtedly due to fear. While we should be reassured by the basic facts mentioned, we must do what we can to allay the fear which causes panic buying, and we should at the same time be prepared to discipline those who are trying to take advantage of that fear.

There are numerous signs, as represented by price movements, that the problems raised by increased consumer demand, by an expanded military program, and by an accelerated and expanded stockpile program, are already upon us.

Public hearings were commenced on the President's proposals on July 24 and the views of leaders in the administration, as well as the views of witnesses who represented large segments of industry and commerce were heard. Mr. Bernard Baruch appeared before your committee and out of his vast and intimate knowledge and experience in two wars made a most effective case for all-out controls. The opinions of numerous other leaders were obtained. Not a single witness appeared in opposition to all the titles of the bill.

Your committee was extremely concerned by the extent to which inflationary pressures have mounted in the last several weeks, and by the realization that it will take a much longer period of time than many had originally hoped to repel the aggressors in Korea and to develop a sound foundation for respect of international law. Some of the current inflationary pressures may be temporary and may subside as the fear of imminent war subsides. It is certainly to be hoped that a resumption of normal buying habits by all consumers will soon lessen substantially the current inflationary tendencies. Nevertheless, it is imperative that we be prepared to take the necessary steps if these hopes are not realized.

Inflationary dangers would not be so serious were it not for the fact that the expanded military programs have been superimposed upon an economy already operating at very high levels. In 1939–41, there was a considerable element of slack in our economy, so that increased military demands had their effect primarily in increased production and only secondarily in increased prices and wages. At the present time, however, with many industries operating at capacity or near-capacity levels, the major increases in demand resulting from either increased military procurement or increased business and consumer spending has its effect almost immediately in price rises. Your committee is convinced that the threat of inflation is so strong, and the dangers of inflation are so serious, that it would be unwise to rely solely upon the more limited control measures contemplated in the President's recommendations of July 19. Your committee believes that the Congress would be remiss in its duty if it did not provide the President with adequate authority to meet these potentially serious inflationary pressures.

Following the public hearings, the committee spent many long hours grappling with the problems presented, and fairly early in these executive sessions decided by an overwhelming majority that it was advisable to grant the President authority to invoke price control, wage control, and rationing when in his judgment it became necessary in the interest of national defense to do so, even though the administration did not request such authority. Foremost in the minds of your committee was the principle that any controls which should be granted would not exceed those in force during the recent war, and only in very limited areas where additional powers seem advisable on the basis of experience during the recent war is any additional authority granted by this bill. Following the decision to grant price and wage controls and the power to ration commodities, many details were worked out concerning the form this authority should take. At this point in the consideration of the bill, when the question of granting price and wage controls had become a matter of absorbing national concern, a letter was received from the President in which he restated his position that the Congress act on the bill he recommended without delay. However, he stated that there was no objection to the enactment of additional stand-by authority to control prices and wages and to ration at the consumer level.

The committee unanimously decided that it was absolutely necessary, in order effectively to control prices, to stabilize wages also. The bill would permit the exercise of price control on a selective basis—that is, on one commodity, or on any number of commodities or materials at a time, either at the wholesale or manufacturing level or at the consumer level, and whenever such a control is imposed the President is required to stabilize wages so as to prevent an undue burden on the seller or an inflationary increase in the price of the commodity. Furthermore, the bill provides for general wage stabilization whenever price ceilings have been imposed on a substantial part of all sales at the retail level. The bill is explicit in providing that rationing at the consumer level is not mandatory when price and wage controls are invoked generally.

Since the wage stabilization program provided for will no doubt put an additional strain on the normal collective bargaining process your committee felt that it was extremely important to provide

machinery which was especially designed to cope with such eventualities. Your committee has in mind that the President would be empowered to set up war labor disputes procedures in cooperation with labor and management somewhat along the lines of the War Labor Board. Your committee feels that with the experiences gained during that period and since the end of World War II in the peaceful and constructive settlement of industrial disputes that such procedures will work more successfully than they did previously. Your committee in incorporating a labor disputes title in this bill was careful not in any way to change or in any way to interfere with existing law on the subject. Such a responsibility belongs to the Labor and Public Welfare Committee. Your committee, therefore, specifically provided that no action could be taken under this bill that would be inconsistent with the provisions of the Labor Management Relations Act of 1947, or the Fair Labor Standards Act of 1938, as amended, or any other applicable statute.

There has been criticism of the principle of giving these all-inclusive powers to the President, but your committee is convinced that he intends to use them only when the situation in relation to the national defense makes the exercise of the authority imperative. This is implicit in the statement of the President when he originally asked for the authority, and he repeated it in the letter referred to above. He also emphasized in his Mid-Year Economic Report:

> The realities of the current situation now require certain changes in national economic policy. These changes will take us in the right direction at once. And if the situation should become even more serious later on, the measures which I now propose for the current situation are also the measures which would make us more ready for further steps.
>
> Appropriate agencies of Government have for several years been preparing the detailed plans for these further steps, if and when needed. If it should become necessary, I shall without hesitation ask the Congress for the grant of the powers to implement these further plans, whether for complete economic mobilization or for further intermediate action depending upon the need.
>
> But the foregoing examination of our expanding material and human resources indicates that the substantial increases in our military forces and in supporting activities now under way do not call for a complete set of economic controls now—if business, labor, and consumers practice moderation, and if adequate steps are taken at once to adjust private and public policies and programs to our supply needs and to the curbing of inflation.
>
> First of all, for the immediate situation, we should rely in major degree upon fiscal and credit measures. These general measures can be helpful not only in restraining inflationary pressures, but also in reducing the civilian demand for some specific products, such as automobiles and housing, thus making available for necessary military use a larger proportion of an already short supply of some critical materials. The more prompt and vigorous we are with these general measures, the less need there will be for all of the comprehensive direct controls which involve the consideration of thousands of individual situations and thus involve infinitely greater administrative difficulties and much greater interference with individual choice and initiative.

Your committee is of the opinion that, by and large, the country is anxious and willing to support the national defense program on a voluntary basis. This support must be turned into useful and helpful channels. One of the problems which arises in connection with any voluntary efforts on the part of industry is the risk that it runs of unintended violations of the antitrust laws or the Federal Trade Commission Act. In order to protect those who are willing to undertake these voluntary programs and agreements from suffering penalties under these laws and equally important in order to insure that these

voluntary agreements and programs are so conducted as to reduce to the minimum the danger that serious and permanent harm to our free competitive enterprise will result from these cooperative efforts provisions have been included providing for exemptions from the antitrust laws and Federal Trade Commission Act for actions taken at the request of the President in order to promote the national defense. Your committee recognizes the dangers inherent in these programs and urges that the greatest of care be exercised in carrying them out. On the other hand the committee recognizes the benefit to the national defense which can properly result from such programs and urges that they be vigorously promoted in order to make the maximum use of the patriotic cooperation of industry and the public generally.

In regard to consumer credit, your committee decided that it would be better to reinstitute the controls on durable goods by invoking provisions similar to those of regulation W which were in effect during World War II, rather than grant such controls in broad new general terms. This follows the general principle of not exceeding the powers exercised during the past war in the particular areas of control which the bills cover. These consumer-credit controls are assigned to the Federal Reserve Board in view of their familiarity with credit problems and their highly successful administration of regulation W. Your committee also felt that it would be desirable to centralize in the agency responsible for credit generally the control of conventional real-estate credit. Since the Federal-insured mortgage and guaranty programs are already being ably operated by the Housing Agency and the Veterans' Administration, respectively, the President in order to insure proper coordination in the over-all control of real-estate credit is required to consult with the Board of Governors before issuing any orders or regulations with respect to these programs.

The committee, recalling the success of the accelerated amortization program for emergency facilities during the war, felt that such a program would speed the expansion of productive capacity and instructed the chairman to confer with the chairman of the Finance Committee and request that his committee consider legislation providing for the revitalization of this program.

In regard to commodity exchange speculation your committee, after hearing a number of witnesses, decided that the matter was too complex to permit a prompt and satisfactory decision on the subject and instructed the chairman to confer with the chairman of the Committee on Agriculture and recommend that consideration be given to this matter with a view to specific legislation on the subject.

The other powers granted in the bill have been conferred on the President. The delegation of these other powers to the President was considered appropriate in view of the importance of the powers, and also because present and possible future problems may call for changes in administrative arrangements to reflect changing needs. There is one outstanding exception to this principle, however, in relation to price and wage stabilization controls and rationing. The bill provides that when it becomes necessary to exercise price and wage stabilization controls over a substantial proportion of the national economy, these controls must be exercised by a single new independent agency created for that purpose. It was felt that this provision was important because of the conviction that price and wage controls directed toward

stabilization are so closely related that responsibility for both must be invested in a single agency responsible to the President. This new agency will also exercise consumer rationing controls, including any invoked prior to its creation.

The bill which your committee recommends substantially carries out the economic recommendations of the President, except for those recommendations pertaining to increased taxation, which are under consideration by the Finance Committee. It provides for termination of the authority conferred thereunder on June 30, 1952, or such earlier time as Congress by concurrent resolution or the President may designate.

Your committee believes that the need for the powers authorized in this bill has been amply demonstrated, not only by the testimony of witnesses but by the record of events which has been available to all. The committee, therefore, recommends that the bill be passed by the Senate as promptly as possible.

Summary of Provisions of the Bill

The bill begins with a declaration of policy which recognizes the interest of the United States in promoting peace and opposing acts of aggression and our determination to develop the military and economic strength to achieve these objectives by meeting the requirements of our military programs and by preventing undue strains on our civilian economy and our system of competitive enterprise (bill pp. 28 and 29).

Title I authorizes the granting of priorities and the allocation of materials and facilities when necessary or appropriate to promote the national defense. It also specifically prohibits the accumulation of scarce materials in excess of the normal demands of business or home consumption or for the purpose of resale at prices in excess of prevailing market prices (bill pp. 29 and 30).

Title II authorizes the President to requisition equipment and supplies needed for the national defense or materials or facilities necessary for the manufacture, servicing, or operation of such equipment and supplies. Provision is made for termination of the amount of compensation and payment to the owner of 75 percent of the award in the event he wishes to contest the amount. Provision is also made for return of the property when the Government no longer needs it (bill pp. 30–32).

Title III provides financial assistance to expand productive capacity and supply (bill, pp. 32–38).

Section 301 authorizes the Government, through the Federal Reserve Board to guarantee loans made in connection with defense contracts. This is based upon the V-loan program during World War II (bill pp. 32–35).

Section 302 provides for direct Governmnent loans to increase production (bill, p. 35).

Section 303 provides for Government purchasing programs of metals, minerals, and other raw materials and for exploration, development, and mining of critical strategic minerals and metals (bill, pp. 35 and 36).

Section 304 contains administrative powers to enable the carrying out of sections 302 and 303 (bill pp. 36 and 37).

Section 305 authorizes the transfer from the RFC to the Secretary of Commerce or to a new agency the rubber, tin, and abacá programs now conducted by that corporation (bill, pp. 37 and 38).

Title IV authorizes price and wage stabilization (bill, pp. 38–57).

Section 401 sets forth the purposes for which these powers are to be used, within the general framework of the objectives of the act (bill, pp. 38 and 39).

Section 402 authorizes the President to promote voluntary action by industry and others to stabilize prices and wages and also authorizes the President to exercise selective controls over prices and wages first above the retail level and if necessary at the retail level. It also authorizes general price and wage controls. Price and wage controls are tied closely together. When ceilings are placed on prices, wages must be stabilized so as to prevent wage increases which would impose an undue burden on the producer or make necessary inflationary price increases. When price controls are established over a substantial part of all sales at retail and materially affecting the cost of living, general wage stabilization must be established. This section also establishes as the basic criteria for the establishment of prices and wages those prevailing during the period from May 24 to June 24, with due consideration to be given for special factors and for increases or decreases in cost and profits after June 24. A general requirement is made that prices and wages must be generally fair and equitable and designed to accomplish the purposes of the title (bill pp. 38 and 39). Section 402 (e) provides minimum ceilings for wages and agricultural commodities. Wages may not be stabilized below those during the period from May 24 to June 24. Ceilings of agricultural commodities may not be established below parity or below the prices prevailing on June 15, 1950, as established by the Secretary of Agriculture. Additional provisions to assure generally fair and equitable prices for agricultural commodities are set forth in this section. Certain exceptions are made from price control: prices and rentals of real property, fees for professional services, prices for newspapers, books, magazines, and rates charged by newspapers, radio stations, insurance companies, and common carriers (bill pp. 39–46).

Section 403 authorizes the President when he has imposed price and wage controls generally over a substantial portion of the economy to administer these controls and rationing through a new independent agency (bill pp. 46 and 47).

Section 404 authorizes the President to consult with committees of persons affected by orders (bill p. 47).

Section 405 makes unlawful sales, or purchases in the regular course of business or trade, at more than ceiling prices. It also makes unlawful payment or receipt of wages, salaries, or other compensation in contravention of the President's regulations, and it also provides that excessive payments may be disregarded by other Departments in determining the costs of employers under other statutes (bill pp. 47 and 48).

Section 406 provides that the title does not require any person to sell or to make any payment or to perform personal services (bill p. 48).

Section 407 establishes a procedure for filing protests against orders and regulations issued under the title, giving those affected an opportunity to present their evidence in support of their position and an opportunity to appear before a board of review (bill pp. 48–50).

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Section 408 provides for appeals from denials of such protests to the Emergency Court of Appeals created under the Emergency Price Control Act of 1942 and now handling cases under the Housing and Rent Act. The Emergency Court of Appeals is given exclusive jurisdiction to enjoin regulations issued under this title but other courts of general or other competent jurisdiction are authorized to pass upon the validity of regulations or orders (bill, pp. 50–54).

Section 409 contains enforcement provisions. It authorizes the President to enjoin violations or threatened violations. It provides for the imposition, on conviction, of fines up to $10,000 and imprisonment up to 1 year. It also authorizes triple damage suits by purchasers not in the course of business, with a maximum recovery of the amount of the overcharges, plus $10,000, and a minimum recovery of $25. The Government may bring action under this section if the purchaser does not do so, except where the Government approved or was involved in the transaction (bill, pp. 54–57).

Title V authorizes the President after consultation with labor and management to make arrangements for the settlement of labor disputes affecting national defense through collective bargaining. The title provides that actions taken under it shall be consistent with the Fair Labor Standards Act of 1938, the Labor Management Relations Act, 1947, and other applicable laws (bill, pp. 57 and 58).

Section 601 authorizes the Board of Governors of the Federal Reserve System to exercise consumer credit controls as provided in Regulation W (bill pp. 58 and 59).

Section 602 authorizes the Board of Governors of the Federal Reserve System to exercise control over the extension of credit on new real-estate construction or reconstruction begun on or after August 3, 1950 (bill pp. 59–63).

Section 603 imposes criminal penalties for violation of sections 601 and 602 (bill p. 63).

Section 604 provides investigatory powers for the Federal Reserve Board under the previous sections (bill pp. 63 and 64).

Section 605 authorizes the President, after consultation with the Federal Reserve Board, to impose controls over credit on real estate made, insured, or guaranteed by the Government (bill pp. 64 and 65).

Title VII contains general provisions applicable to the previous titles of the act (bill pp. 65–82).

Section 701 requires the President to give small business an opportunity to make its full contribution to the national defense. In addition to requiring full information for the benefit of small business and the granting of appropriate exemptions for small business and special handling of applications from small business, this section requires the appointment of advisory committees to consult with the President. These committees must be so composed as to give fair representation to all categories of business, particularly small business (bill pp. 65 and 66).

Section 702 contains definitions of the words "person," "materials," "facilities," "national defense," and "wages, salaries, and other compensation." The definition of facilities excludes farms, churches, and other places of worship, and private dwelling houses.

The exclusion of farms, churches or other places of worship, or private dwelling houses from "facilities" will prevent the requisitioning or allocation of such property. It would not, however, make it im-

possible to attach appropriate conditions on the use or reuse of such property built with materials obtained under the priorities and allocation powers contained in the bill, to assure that the property will be used for purposes consistent with national defense (bill, pp. 66 and 67).

Section 703 authorizes the President to delegate the authority conferred on him to offices or agencies of the Government and authorizes the creation of new agencies, but not to create new corporations. This section also provides that the head and assistant head of new agencies may receive compensation comparable to heads and assistant heads of independent agencies of the Government. Attorneys appointed for these agencies may appear in court. The head of the agency administering the over-all authority of title IV must be confirmed by the Senate (bill, pp. 67 and 68).

Section 704 contains the usual provision for the issuance of regulations. This will permit making classifications and other provisions necessary to achieve fair and equitable treatment of different kinds of situations, and to prevent evasions (bill p. 68).

Section 705 contains authority to require reports, collect information, and make investigations. Testimony may be compelled, but immunity from prosecution on the basis of such evidence may be claimed. Information obtained under this section must be kept confidential, with a penalty of $10,000 or imprisonment for a year for violation (bill pp. 68–71).

Section 706 gives jurisdiction to district courts over violations or authority to enjoin violations (bill pp. 71 and 72).

Section 707 contains exculpatory clause protecting persons who have complied with the act against liability for damages thereafter. In addition it prohibits discrimination against orders to which priorities are assigned or for which materials are allocated (bill pp. 72 and 73).

Section 708 contains a provision based on section 12 of the Small Business Mobilization Act exempting from the antitrust law and Federal Trade Commission Act acts or omissions to act in accordance with requests of the President pursuant to this act. The Attorney General and Chairman of the Federal Trade Commission must be consulted before any such request is made. Under this section, protection can be given for those entering into voluntary agreements and programs to achieve the objectives of the act, thereby avoiding the need for mandatory controls (bill pp. 73 and 74).

Section 709 contains the usual exemption for emergency legislation from the Administrative Procedure Act, except for the requirement of publicity under section 3 of that act. The section also requires consultation with industry in issuing regulations (bill p. 74).

Section 710 contains provisions relating to the appointment of officials in grades 16, 17, and 18. It authorizes the appointment of persons of outstanding experience and ability without compensation, the appointment of experts and consultants, and the utilization of the services of Federal, State, and local agencies and volunteer services, and it provides for exemptions for these employees from certain double compensation statutes in accordance with regulations to be issued by the President (bill pp. 74–76).

Section 711 authorizes appropriations (bill p. 76).

Section 712 contains provisions for exemptions from the antitrust laws and the Federal Trade Commission Act, for actions requested by the President in connection with allocations and credit restrictions.

Agreements fixing prices are prohibited under this section. Approval of the Attorney General is required for any action under this section. This section was included, in addition to section 708, in order to insure that the voluntary programs contemplated could proceed with assurance. It was not intended in any way to restrict or limit the general authority under section 708, and a specific statement to this effect was included in the section (bill pp. 76–79).

Section 713 establishes a joint congressional committee composed of five members of the Committee on Banking and Currency of the Senate and five members of the Committee on Banking and Currency of the House of Representatives. Expenses up to $50,000 in any fiscal year are authorized from the contingent funds of the Senate and House of Representatives (bill pp. 79–81).

Section 714 states that the act is applicable in the United States, its Territories, and possessions and the District of Columbia (bill p. 81).

Section 715 contains a general separability clause (bill pp. 81 and 82).

Section 716 provides that the act terminates on June 30, 1952, or at such earlier date as the Congress by Concurrent Resolution or the President may designate, with a provision for continuance of any newly created agency for 60 days for purposes of liquidation (bill p. 82).

Declaration of Policy

(Bill pp. 28 and 29)

The bill begins with a declaration of the policy and objectives of the bill. It recognizes the interest of the United States in peace and opposing acts of aggression, and our determination to develop and maintain our military and economic strength. Directing current output to military purposes and increasing supplies will be necessary to accomplish our national security and foreign policy objectives. In addition the declaration of policy recognizes the need for positive action, under the authority contained in the bill, to prevent undue strains and dislocations upon wages, prices, and production or distribution of material for civilian use. Thus the declaration of policy recognizes that the national defense must be promoted both by building up our military strength and that of countries associated with us in the mutual defense assistance pact, the North Atlantic pact, and similar programs, and by maintaining and strengthening our American system of competitive enterprise and our free and democratic way of life.

Title I. Priorities and Allocations

(Bill pp. 29 and 30)

Title I provides general priority and allocation powers. These powers are the same as those contained in title III of the Second War Powers Act, 1942, under which the War Production Board allocated the materials and facilities of the Nation during World War II. The committee intends that the same breadth of interpretation which was given to title III of the Second War Powers Act should apply to the powers in title I.

These powers are broad and flexible. They are peculiarly suited to the purpose of harnessing our complex and intricate productive system

in the interest of National defense with the maximum benefit to national defense and the minimum interference with industry under our competitive system. It is necessary that these powers should be broad and flexible because limited or restricted or partial authority might even prove insufficient to accomplish the desired end in a given situation or might do more harm than good by making it necessary to use a shotgun instead of a rifle in order to accomplish a single purpose.

These powers can be used in many ways. They can be used to require the filling of a particular order in preference to another order, or to require the filling of a particular class of orders in preference to other classes of orders. They can also be used to stop or reduce the production of any item, in order to conserve the materials and manpower which would otherwise go into that item; they can be used to prohibit the use of a particular material for a specified purpose, or for anything except a specified purpose, in order to make the most effective use of that material. They can be used to restrict the output of an industry, to divert that industry from one type of product or another. They can be used to allocate productive facilities, transportation facilities and equipment, power and fuels, raw materials and finished products. They can be used to prohibit the accumulation of excessive inventories. They can be used to ration consumer goods at the retail level.

These powers can be used to channel materials to fill direct Government contracts, or subcontracts thereunder. They can also be used to channel materials to direct war support purposes or other essential purposes such as factories, utilities and transportation systems. They can also be used to promote the national defense by maintaining the essential civilian economy. They can also be used to restrict or prohibit less essential industries and those industries which directly interfere with the national defense.

However, while these powers are broad and are intended to be used broadly, it is the intent of the committee that they should be used only where necessary or appropriate to promote the national defense. They should not be used to accomplish purposes, however meritorious, which bear no relation to national defense. Your committee expects that careful attention should be given in exercising these powers to assure that their exercise will be so confined.

The priority and allocation powers are needed particularly in connection with scarce metals. As Secretary Sawyer testified, many of our most important metals were in tight supply before June 24, 1950, and the increased demands of direct military needs and of the Government stockpiles can be met only with difficulty.

In the spring of 1950, the 44,000 steel fabricators and 10,000 other users of steel were taking all the steel which was being produced even though the production at that time was greater than ever before, more than 100,000,000 tons. The military demands are expected to increase substantially, even though currently estimated increased demand for the military is not very great in terms of percentages. In addition to the direct military demands for steel there are many other demands closely related to our national defense: The military requirements of our associates under the North Atlantic Pact; the increased requirements for industries which are expected to increase their production such as the steel industry itself; and the increased requirements of the transportation industry, including particularly

the needs of our railroads for freight cars and the needs for additional specialized ships. All these demands added on to the direct military increases will reduce the amount available for the 54,000 firms which are even now unable to get all the steel they could use. It is imperative that the reduction in the steel available for these firms, many of which are small and entirely dependent on this steel, be made in a way which will impose the least hardship on these firms and will impose the least hardship on the essential needs of the rest of the economy.

Other metals were mentioned in the testimony before the committee where similar problems are arising and can be expected to become worse. In the case of tin we are entirely dependent upon foreign sources for ores. The Government is now stockpiling tin out of our receipts from foreign sources. It is imperative that the currently increased stockpile goals for tin be promptly and fully met so as to reduce our dependence upon far distant foreign sources for this material so important to all of our industries, ranging from solder for the construction and electrical industries, to babbitt for the automobile and railroad industries, to tin cans for the food industry and to many parts of the chemical industry.

Another metal which is vital to all parts of our economy is copper. Without it our lighting and power system could not run, our entire transportation system would break down and many related industries would be stopped. We have a huge supply of copper and vast refining and fabricating facilities. Much of our supply, however, comes from foreign sources, and in recent months copper has been used faster than it has been produced, and inventories have been dropping sharply, almost to the point where, even without increased military demands, consumption might have to be reduced. Now, we are faced with increased military demands, the size of which is not yet known, with increased demands for transportation equipment, and with greatly increased demands for military stockpiles. These demands cannot be ignored. They must be met. To do so will require a reduction in the amount available for ordinary civilian use. Again, unless these reductions are made cautiously and with full consideration of the effect which they may have upon individual users of copper and upon the economy generally, we may well find that the defense effort is harmed by impairment of some industry which is essential, even though indirectly, to the national defense. For example, to deprive the utility industry of copper in order to increase the copper available for the munitions industry might well result in the long run in closing down many munitions plants and rendering uninhabitable the houses of many of the workers in those plants. Judiciously handled, these reductions can be accomplished without injury to the national defense, directly or indirectly, and without undue harm to the balance of the civilian economy. For this purpose, the priority and allocation powers in title I are necessary.

The same situation is true in the case of the aluminum industry, many chemicals, petroleum, and many kinds of equipment. Even though our productive capacity and resources are vast, the demands of our economy are so great and so varied, and our economy is running at such a high rate, that there is no margin to spare for the increased demands of national defense in many industries.

Section 101: Section 101 authorizes the President to assign priorities to essential contracts and to require their fulfillment in preference to other contracts for the purpose of promoting the national defense. It also authorizes the President to allocate materials and facilities as he may deem necessary or appropriate to promote the national defense.

Section 102: Section 102 prohibits the accumulation of excessive inventories of materials which have been designated by the President in the Federal Register either in excess of the reasonable and normal demands for business or home consumption or for the purpose of resale at excessive prices.

Section 103: Section 103 provides for a fine of not more than $10,000 or imprisonment of not more than one (1) year or both for willful violations of title I.

Title II. Authority To Requisition

(Bill pp. 30–32)

Title II authorizes the President to requisition equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation thereof. Three conditions are placed upon the exercise of this authority. First, that the material or facility is needed for the national defense; second, that the need is immediate and will not admit of delay or resort to any other source of supply; and, third, that all other means of obtaining the use of the property on fair and reasonable terms have been exhausted. The President is required to determine the just compensation for the property and to pay it promptly. If the owner disagrees with the President's determination of value, 75 percent of the amount shall be paid promptly and the owner may bring suit for the balance within 3 years from the date of the award. When the need for any property so requisitioned is over, it is to be offered to the original owner on payment of fair value. In case of disagreement as to the fair value, provision is made for arbitration of the value by three appraisers.

This authority is necessary in order to make it possible to put into use materials or facilities which, for one reason or another, the owners are unwilling to devote to the national defense. In some cases the owners may be hoarders or black-market operators who have built up excessive supplies of scarce materials in the hope of profit. During World War II, large supplies of pepper, silk, machine guns, and scrap were requisitioned from their owners. The owner of a building may wish to eject a tenant engaged in defense work so that he can use his plant for some completely nonessential purpose. In other cases title to the property may be uncertain or tied up in litigation and no one may be able to convey a clear title to the property. For example, the owner may be a foreigner or a corporation in bankruptcy or litigation. Other cases may occur where, for one reason or another materials or facilities may not be making their full contribution to the war effort, but could do so if put into proper hands.

Caution must, of course, be used in exercising this drastic power and full opportunity be given to the owner to cooperate voluntarily, and to obtain prompt payment and just compensation. Properly used, however, this power is an indispensable complement to the allocation and priority powers.

Title III. Expansion of Productive Capacity and Supply

(Bill pp. 32–38)

GENERAL CONSIDERATIONS

The process of gearing our economy to meet prospective requirements for defense and essential civilian uses cannot be confined merely to the distribution of scarce supplies so as to minimize the inevitable strains and dislocations. An important element of the total program, and one that needs initiating with the least possible delay, is to accelerate the increase of available supplies of essential materials and products. Title III is devoted to this objective.

Productive capacity in general is almost fully utilized. Though slack is present in some industries and there is available stand-by capacity in a few, such important basic commodities as steel, copper, and zinc are in exceedingly tight supply already, with no adequate increases of supply in sight.

The direct impact of military programs now known can be only roughly gaged. Indications are that for some resources these requirements during the next 10 months are within the range of civilian curtailment. But in judging the need for expansion of supply, these additional factors are important:

(1) Stockpile requirements have also been stepped up and in some cases exceed the demands of the proposed military program.

(2) In some cases, programs are needed for increased investment, even to assure maintenance of present levels of supply.

(3) The decision on the need for many types of capacity expansion programs rests not on the requirements of the coming year, but on the possibility of far greater requirements 2 and 3 years ahead; when such expansion programs would just begin to justify themselves.

The generally accepted assumption that we must plan for a possible further expansion of military programs means that there are some commodities where curtailment of nonessential consumption will not be sufficient, and some of the shortage now threatened must be met by programs to expand supply. Such programs must be initiated, in general, a year or more ahead of their effective contribution to supply. Government programs are needed wherever the necessary expansion of supply cannot be expected to come about through unaided private initiative.

Temporarily, allocation and priority powers will insure that military orders are filled, and that most of the essential civilian orders are also filled. Your committee considers it imperative to emphasize, however, that this is not sufficient.

While there can be no question that military needs must be filled, we must at the same time maintain a healthy and growing productive economy, which is the source of our military power. Otherwise our military strength cannot long be maintained. Furthermore, if our productive capacity and civilian economy is too long neglected and stifled, the way of life we are seeking to preserve might well be lost, even with military victory.

A variety of factors act as effective limits on the supply of specific essential commodities: high costs of marginal producers, shortage of working capital, shortage of funds for facilities construction, and uncertainty as to longer-range market demands. This title, accord-

ingly, provides for appropriate measures to attack these various types of bottlenecks. The measures included are: loan guaranties; direct Government lending for expansion, development or production; and procurement contracts involving price incentives, advance payments and long-term commitments.

Still other measures to stimulate expansion of supply will be required in specific instances: for example, authorization of accelerated depreciation of new facilities on the basis of individual certificates of necessity. This last is not provided in this bill, but your committee recommends that it be seriously considered for inclusion in a tax program.

The following cases indicate the need for a range of devices to deal with different types of supply problems arising in different critical commodity areas:

Steel.—The steel industry has been operating at or above rated capacity since April. A return of conversion deals and the reappearance of black-market sales are indications of substantial current shortage.

The supply of steel, which was already short for civilian needs, cannot cover demands in the next 2 years, even with the industry's program for a further 5-percent increase in steel-making capacity.

The iron-ore supply appears to be the bottleneck factor for the next few years, and there is substantial risk that even the present rate of steel output cannot be equaled next year, because of difficulties with ore supply.

The effective limit on ore availability in 1951 appears to be vessel capacity on the Great Lakes. This is due in part to the very late opening of the 1950 shipping season and to the fact that shipping capacity was not fully used in late 1949 because the record-breaking 1950 rates of ore consumption were not foreseen. Ore stocks may be so depleted by early spring 1951 as to cause furnace shut-downs, and possible steel output in 1951 might be less than in 1950. Additional ore carriers cannot be built in time for the 1951 season, and the possible contribution of extra all-rail haulage is believed inadequate to avert a serious ore shortage.

Ore vessels begun this fall might serve during the 1952 season. But they are not being ordered and, in view of the long-term decline of lake supplies, the steel companies are naturally reluctant to commit funds to this purpose.

In the meantime the mining capacity for direct-shipping lake ore threatens to decline, despite all efforts to maintain output, within 2 to 5 years. Substitute ore sources include Venezuela, Labrador, domestic taconites, and other low-grade ores which, however, must be beneficiated before they can be used. All these projects require years of time and very large amounts of capital. For example, taconite plants require 2 or 3 years to build and around $20 of investment per ton of annual capacity. A further factor in the financing of taconite facilities is that the steel companies most urgently in need of new sources of ore are not those with the greatest financial resources.

Nitrogen fertilizer.—The threat in this case is diversion of a considerable fraction of existing capacity to the making of explosives, which will certainly occur with any substantially expanded munitions program. Remaining fertilizer production capacity would then be inadequate for maintenance of crop yields. There are virtually no nonessential civilian uses to be curtailed.

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Since a return to peacetime conditions would bring the Army plants back into potential use for fertilizer production, private investors are not likely to want to invest in expanded nitrogen fertilizer plants whose postwar value would be problematical.

Aluminum supply already is exceedingly tight. Two stand-by plants are being reactivated. Manufacturers are booked solid for 6 months ahead and inventories are at minimum levels all along the line. There is some evidence, in fact, that normal inventories have been drawn on recently in order to meet deliveries. Companies are allocating aluminum products to many customers on a historical basis.

In addition there are many other metals and minerals in the United States which are needed for the national defense. With suitable exploration and development, and with suitable development of facilities for the treatment of these metals and minerals, a very substantial contribution to our national defense can be made. Among these metals and minerals are graphite, manganese, chrome, mica, and many other less well known but equally important metals and minerals.

LOAN GUARANTIES (SEC. 301)

During World War II, it was found that many firms could not qualify for defense contracts or subcontracts until they could demonstrate that they had the necessary financing and that, nevertheless, they could often not obtain the necessary financing from the banks until they had first received contracts or subcontracts. This vicious circle impeded production for national security purposes and prevented the proper utilization of the facilities of small firms.

The development in 1942 of the highly successful V-loan program of guarantied loans made it possible for many small firms to contribute their resources of initiative and skill and facilities to the war program.

The purpose of section 301 is to set up a similar program of guarantied loans now so as to prevent this vicious circle from arising later. This would help eliminate what might otherwise develop into a serious financial obstacle to efficient defense production. It would also help small business to contribute to defense production.

The loan guaranty provisions are designed to permit the greatest possible utilization of existing private and public agencies.

LOANS FOR CAPACITY EXPANSION, DEVELOPMENT, OR PRODUCTION (SEC. 302)

The loan provisions of the bill are designed primarily to aid investment in a few important specific cases where:

(*a*) Capacity is threatening to fall, due to inability of the firms concerned to find the capital (1) to develop new resources to offset depletion of existing exhaustible resources, or (2) to build facilities to offset the wearing-out of an already overage stock of facilities; or

(*b*) Emergency needs may call for (1) capacity expansions in excess of those thought justified on the basis of normal growth of peacetime demand, or (2) facilities of types or at locations not economic for peacetime conditions or under ordinary financial terms.

In general, the types of facilities involved will be highly durable, requiring large investment relative to value of output. This makes

the availability and cost of capital peculiarly important factors in motivating private expansion projects.

Most projects under section 302 would fall in the fields of mining, minerals processing, and transportation, where these conditions broadly apply. In addition the loans provided for in this section would be available to private business for the exploration and development of natural resources.

PROCUREMENT OF METALS, MINERALS, AND RAW MATERIALS (SEC. 303)

Some of the greatest shortages will occur in certain essential metals, minerals, and raw materials where the limitation on supply is not lack of capacity or capital, but insufficient incentives to producers to exploit available resources at home and abroad.

To increase the supply of these materials it is necessary to use means other than those provided in section 302.

This can be done in part through increased appropriations for the stockpiling program. However, more funds for stockpiling would not be sufficient to meet the needs. The reasons for this are as follows:

(*a*) Materials purchased for stockpiling must pass into the stockpile, whereas an increased supply will undoubtedly be needed for direct consumption for military and essential civilian purposes in addition to that needed for stockpiling.

(*b*) The stockpiling program is limited to specific strategic and critical materials, whereas procurement authority should be broad enough to extend to materials which are needed to support the military program generally, even though indirectly.

(*c*) Under decisions of the General Accounting Office to date, authority to make long-term contracts is restricted to 5 years—which in many cases is not enough to start the production needed now.

(*d*) The authority for advance payments in connection with procurement for the stockpile is incomplete.

(*e*) Stockpiling purchases must be made by the Federal Supply Service, whereas it may be desirable to have buying done by specialized agencies or corporations working on individual programs or buying abroad.

The purpose of the proposed section 303 is to overcome these limitations.

Under this we could probably develop a stepped-up program of purchases abroad—but without being necessarily limited to the purposes of meeting stockpile needs or to the use of the Bureau of Federal Supply. Materials could be obtained for direct use in defense or essential civilian production and through operations by any appropriate government agency including new agencies established for this purpose. In addition, materials could be obtained, even if not immediately needed for domestic military or civilian purposes, where necessary to preclude other nations from securing them. It is intended that the authority granted to make resales shall apply to scarce materials only.

So far as domestic sources are concerned, it would authorize the direct activation or expansion of operations at individual mines. It would stimulate marginal production and permit such production to reach the market without creating an upward pressure on prices.

ADMINISTRATIVE PROVISIONS (SECS. 304 AND 305)

Effective administration may require centralization of all functions relating to a given capacity or production program in a single agency rather than having the program agency handicapped by the necessity of elaborate negotiations with the Reconstruction Finance Corporation. For this reason, authorization is provided for any agency exercising functions under the title to borrow from the Treasury such sums as may be necessary, not in excess of $2,000,000,000.

The President is authorized to transfer to the Secretary of Commerce the operation of the rubber, tin, and abacá programs.

PRODUCTION ACT OF 1950

Title IV. Price and Wage Stabilization

(Bill pp. 38–57)

In adding title IV to the defense production bill your committee has been particularly aware of the dangers of being lulled into a sense of false security by the apparently limited dimensions of the present military program. As Mr. Bernard Baruch testified:

> It may be argued that the menace of inflation is not so frightful today, since we are not at war. Actually, the danger is greater. Today our economy already is operating at full blast, with little or no slack. Our national debt is about $257,000,000,000, about six times what it was when Hitler invaded Poland. Living costs have climbed so high that serious hardship already is being inflicted on many, particularly those with low or fixed incomes.

When the problem of wage and price controls was raised with the President, he replied as follows:

> Dear Mr. Chairman: I am writing you in response to your request for my views on the expressed desire of various Members of the Senate to add to the defense production bill (S. 3936) some kind of authority for direct controls over wages, prices, and the distribution of goods to consumers.
>
> It is urgently necessary that the Congress act on the defense production bill without delay. If this measure is enacted promptly, we can do a great deal to ease the economic adjustments which our defense effort will require. At the same time, we can continue on an expedited but careful basis, our planning and preparation for other economic controls, if and when needed.
>
> Of course, there is no objection, in these circumstances, to enactment of additional stand-by control powers which the President could invoke when the need arose. Before my message of July 19, I gave careful thought to the desirability of asking at once for stand-by authority to control prices and wages, and to ration at the consumer level. I refrained from making this proposal to the Congress because it seemed more important to obtain quick action on the powers contained in the defense production bill. To have included a request for stand-by controls might, it seems to me, have dangerously delayed enactment of the immediate program, while the Congress considered these broader authorities. My recommendations of July 19, were designed to meet the problems immediately before us.
>
> The Congress, in its judgment, may now want to make price, wage and rationing controls available, on a stand-by basis, for use if and when needed. But if the Congress were to take this course, the following conditions appear essential.
>
> *First.*—These additional controls should be supplementary to, and not in lieu of, the basic powers already contained in the defense production bill. The production aids and limited controls for which I have asked, are essential now.
>
> *Second.*—We cannot afford to bog down or delay in enacting what is needed at once, and supplementary provisions should be added only if they do not prolong consideration or delay action in either House.
>
> *Third.*—Any provisions relating to prices and wages should not set up a rigid formula or freeze in advance of experience. If these powers are now made available

in advance of widespread need, it is simple common sense that they must be written in a form which allows wide discretion and flexibility as to the method and place and timing of application.

Fourth.—For the same reason, any grant of price and wage authority should leave open the question of the method of administration. This should remain flexible, because it cannot be separated from the question of the extent to which price and wage controls actually might have to be applied.

If these reasonable conditions can be met, I should have no objection to the granting of authority beyond that requested in my message of July 19. But if, for any reason, these conditions cannot be met, I urge strongly that the Congress move at once to enact the defense-production bill without including these additional powers.

Very sincerely yours,

HARRY S. TRUMAN.

Mr. Baruch, on the other hand, would go much further than the President with respect to authority for economic controls:

Some contend price increases can be prevented by public appeals and threats to invoke price-control legislation. That hope has already been dashed. Its fallacy lay in the fact that such threats could be effective only if price-control legislation were already on the statute books on a stand-by basis, ready to be put into instant operation.

Under such a stand-by law, with its due notice, the President would have had the legal authority to roll back the price increases of recent weeks to levels prevailing before the emergency began. The knowledge that the Government had this power might have prevented these price rises.

That was one of the many reasons for my insistence over the years on the necessity for putting into law a full stand-by mobilization program—to be able to prevent the runaway price increases which a war emergency always brings. Now, we have no alternative but compulsory controls—or pay the piper of inflation.

To wait until prices have run out of hand before legislation is sought means that action will not be taken until too late, until after additional inflation has taken place.

This legislation before you proposes that we deliberately refuse to lock the stable door until the horse is stolen.

The rise in prices which has already occurred since the Korean outbreak will be used to justify wage increases this fall and winter. Those wage increases may not do labor any good since higher wages will lead to still higher prices. Once the inflationary race has begun, it becomes ever more difficult to check. There will always be new groups to cry, "Wait with your controls until we have caught up."

The right time to stop inflation is always—now. It may be said that, while it is true economically that priorities must be accompanied by price controls, it is too soon politically. The people are not ready for it, so this argument runs, implying that we must wait for further disaster.

Those who believe this misread the temper and intelligence of the American people. * * *

The committee has adopted a position intermediate between the President and Mr. Baruch. We cannot altogether accept Mr. Baruch's view that a comprehensive system of controls is immediately necessary at this time and that the time is already past when stand-by controls would have a restraining effect on prices and wages. On the contrary, we feel strongly that a system of controls must be available both as a restraint and as a ready weapon for combating inflation if prices continue to rise.

The history of this Nation in times when we have had to take up arms to defend ourselves against the acts of agressors has shown that unless we have the power to control the actions of the market on the prices of goods, services and labor, we invite serious inflation. This inflicts immediate hardships, undermines morale, and impedes the war effort, and also invites economic collapse later. When we divert a substantial portion of our output to national defense, and at the same

time pour additional billions into the income stream, we must be ready and able to put a checkrein on market actions. Without such a checkrein, buyers bidding competitively for a diminishing supply of goods and services generate a spiraling inflation for which there may be no end but economic collapse. The fact that we have escaped the worst consequences of inflation after two world wars should not blind us to its dangers; other nations—France, Germany, Japan—provide us with object lessons.

The start of a war, regardless of the degree of economic mobilization of resources, is typified by a sudden spurt of speculative market prices. Part of the spurt arises from the threat that imports will be cut off, part of it from the belief by businessmen and speculators alike that prices are more likely to go higher than lower in the immediate future. This leads to heavy buying with consequent increases in market prices. This happened in 1939 when prices on the organized markets jumped 25 percent in the month of September after war broke out in Europe. It happened again in 1941 when the war in Europe became more active and the United States became more involved. A similar spurt of speculative market prices has recently occurred. Between June 25 and August 8, 1950—a period of something over 1 month—prices on organized commodity markets in the United States have jumped more than 16 percent.

The market situation today is not strictly analogous to that of 1939 nor to that of 1941. There have been sharp increases in prices on the commodity markets. These increases have been most spectacular in the imported commodities. Rubber, where the market has been affected not only by the Korean situation, but also by the conditions in Malaya, jumped from 28 cents a pound to double or more. Tin, from the same area, has gone from 76 cents a pound to fractionally less than $1. Wool, mainly from Australia, has jumped 22 percent. Burlap from India is 28 percent higher. Even imported commodities which do not come from the Far East, have risen sharply—cocoa has advanced 27 percent and coffee 13 percent since June 23. On the other hand, some of the domestic products, such as grains and the basic metals, are only slightly higher; a few, like barley and flaxseed, are even cheaper than they were before Korea.

The increases today, however, are not confined to the basic commodity markets as they were in 1939. They are spreading into the remainder of the economy. The Commissioner of Labor Statistics testified that the prices at which manufacturers buy and sell their products increased more than 3 percent between June 20 and August 1; the prices of farm products and foods have increased 8 percent at wholesale and 3 percent at retail during this time. Except for foodstuffs, these price increases have not yet been generally reflected at the retail counters of the Nation. Despite runs by consumers on a number of commodities, most distributors and retailers have not raised the prices of the goods they have in stock. They have increased their selling prices only as higher cost replacement merchandise reached their shelves. However it appears inevitable that higher costs will be reflected at retail in time.

CHART I

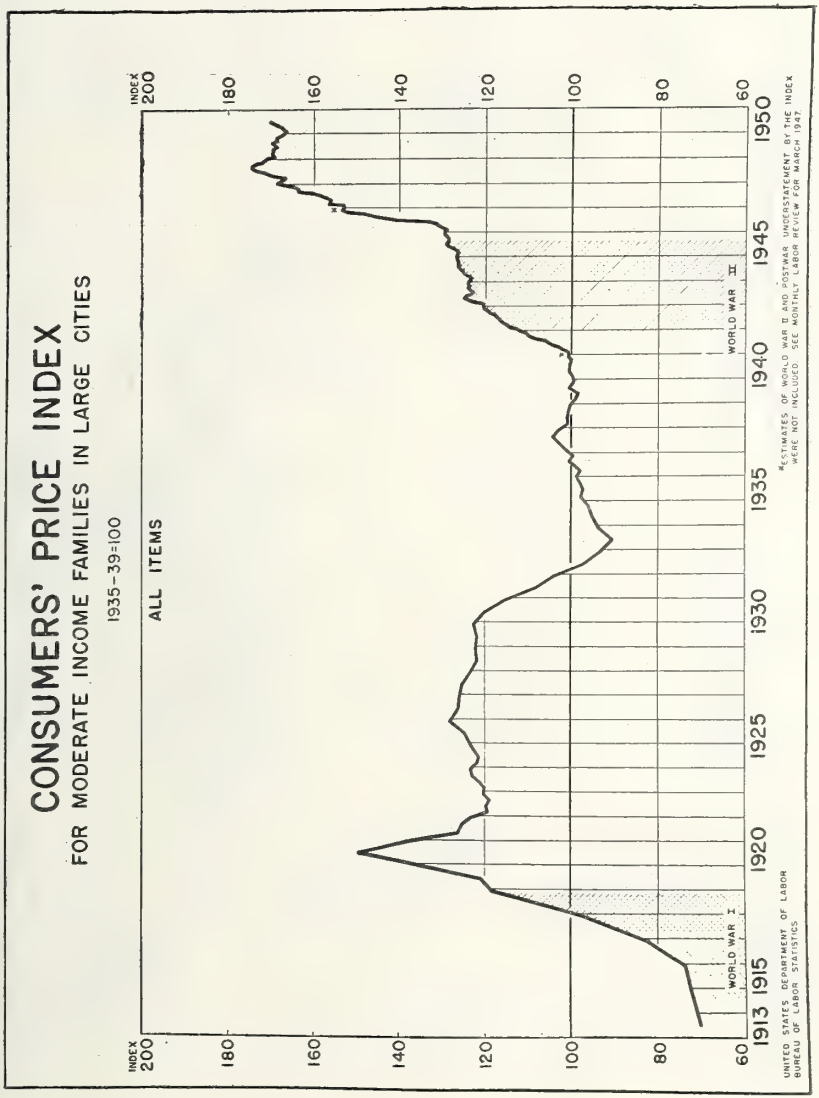
CONSUMERS' PRICE INDEX
FOR MODERATE INCOME FAMILIES IN LARGE CITIES
1935-39=100
ALL ITEMS
INDEX
200
180
160
140
120
100
80
60
1913 1915 1920 1925 1930 1935 1940 1945 1950
WORLD WAR I
WORLD WAR II
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS
*ESTIMATES OF WORLD WAR II AND POSTWAR UNDERSTATEMENT BY THE INDEX WERE NOT INCLUDED. SEE MONTHLY LABOR REVIEW FOR MARCH 1947

CHART II

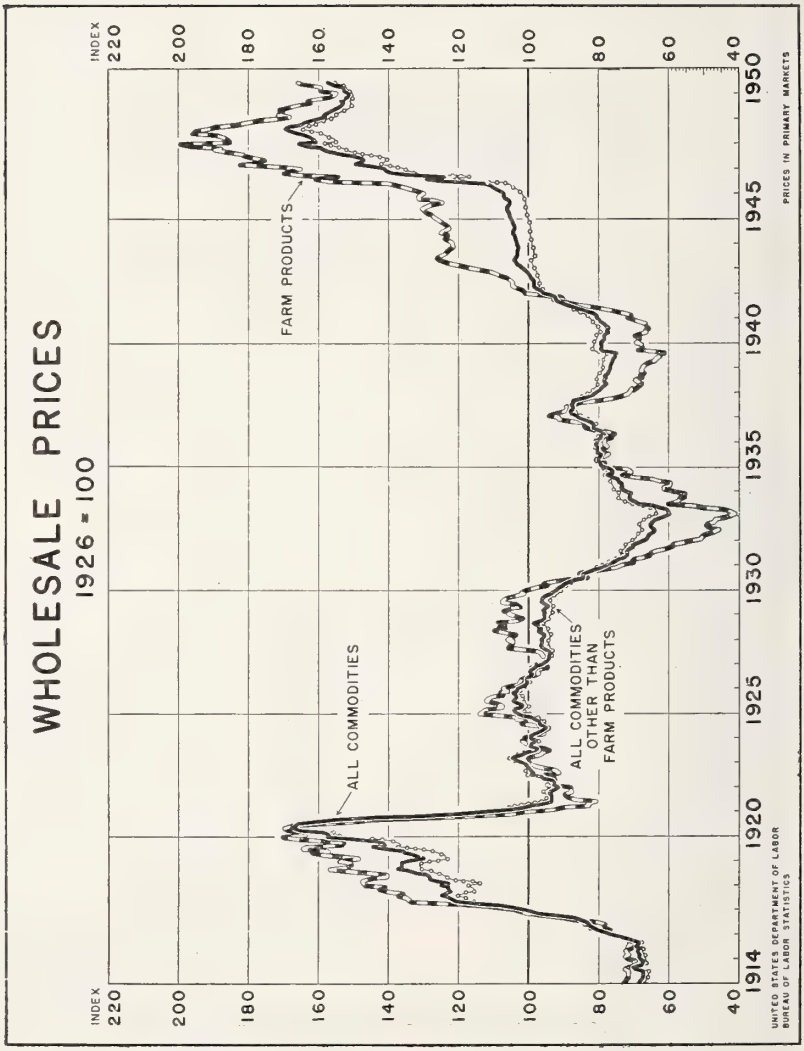
WHOLESALE PRICES
1926 = 100
INDEX
220
200
180
160
140
120
100
80
60
40
1914
1920
1925
1930
1935
1940
1945
1950
FARM PRODUCTS
ALL COMMODITIES
ALL COMMODITIES OTHER THAN FARM PRODUCTS
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS
PRICES IN PRIMARY MARKETS

CHART III

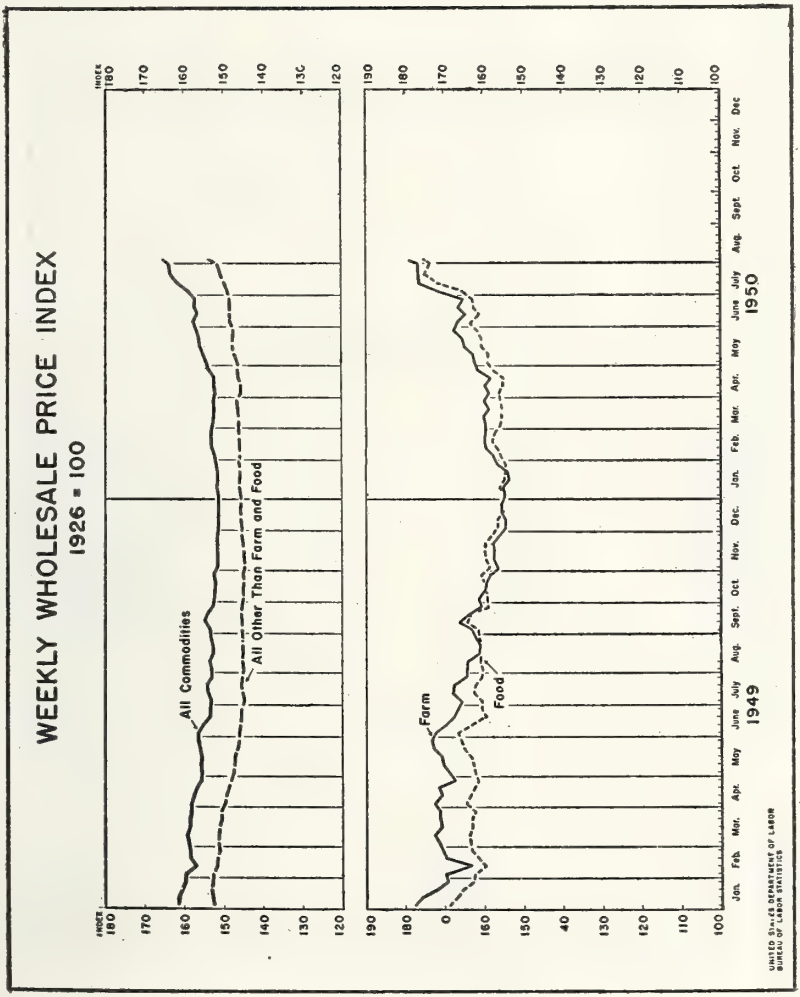
WEEKLY WHOLESALE PRICE INDEX
1926 = 100
All Commodities
All Other Than Farm and Food
Farm
Food
1949
1950
Jan. Feb. Mar. Apr. May June July Aug. Sept. Oct. Nov. Dec. Jan. Feb. Mar. Apr. May June July Aug. Sept. Oct. Nov. Dec
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

CHART IV

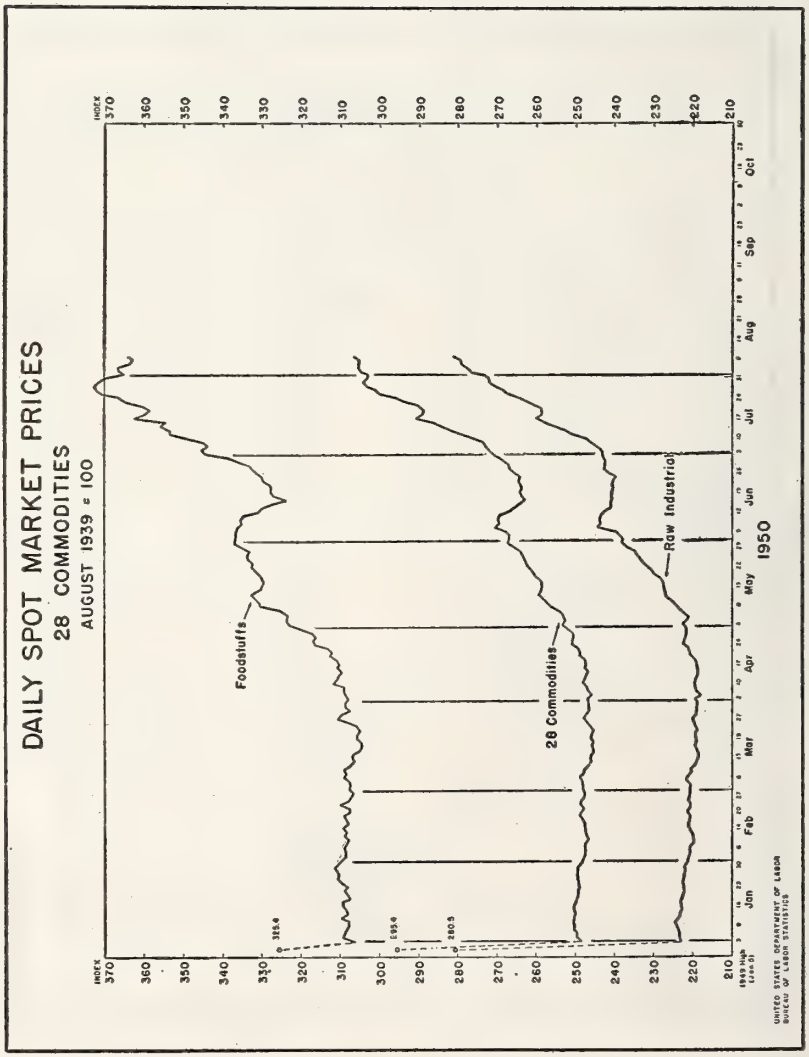
DAILY SPOT MARKET PRICES
28 COMMODITIES
AUGUST 1939 = 100
INDEX
Foodstuffs
28 Commodities
Raw Industrials
1950
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

TABLE I.—*Price indexes in the postwar period*

	Index June 15, 1946	Postwar peak			Post-peak low			Current index				
		Date	Index	Percent increase from 1946	Date	Index	Percent below peak	Date	Index	Percent below peak	Percent above low	Percent above June 1946
Consumers' Price Index (1935–39=100):								June 15, 1950				
All items	133.3	Aug. 15, 1948	174.5	30.9	Feb. 15, 1950	166.5	−4.6		170.2	−2.5	2.2	27.7
Food	145.6	July 15, 1948	216.8	48.9	Feb. 15, 1950	194.8	−10.1		204.6	−5.6	5.0	40.5
	June 1946											
Wholesale Price Index (1926=100):								Aug. 1, 1950				
All items	112.9	Aug. 17, 1948	170.3	50.8	Jan. 3, 1950	151.1	−11.3		165.1	−3.1	9.3	46.2
Farm products	140.1	Jan. 13, 1948	202.9	44.8	Jan. 17, 1950	153.7	−24.2		179.2	−11.7	16.6	27.9
Foods	112.9	Aug. 10, 1948	191.6	69.7	Jan. 3, 1950	154.3	−19.5		175.2	−8.6	13.5	55.2
All other	105.6	Sept. 14, 1948	153.8	45.6	Aug. 2, 1949	144.8	−5.9		153.2	−.4	5.8	45.1
	June 28, 1946											
Daily Index (August 1939=100):								Aug. 8, 1950				
28 commodities	198.3	Nov. 28, 1947	359.1	81.1	June 30, 1949	228.2	−36.5		307.0	−14.5	34.5	54.8
Foodstuffs	226.8	Nov. 28, 1947	456.0	101.1	Feb. 8, 1949	276.6	−39.3		364.1	−20.2	31.6	60.5
Raw industrials	179.1	Dec. 22, 1947	296.7	65.7	June 30, 1949	206.3	−30.5		281.4	−5.2	36.4	57.1

It is important not to be misled in the present situation by the experience in 1939. Then the underlying forces could not support the higher prices of the commodity markets—we had not mobilized our resources for war, and there was no diversion of production to war or defense. The speculative commodity market increases of 1939 never passed into other parts of the economy to manufacturer, distributor, and retailers.

In 1941, the picture was greatly different. As we produced more and more for defense, it became necessary to divert output from civilian to military uses. The demand for goods began to exceed the supply, and the net result was that the increases spread rapidly through the entire economy. By the end of June 1941, prices on the organized markets had risen more than 20 percent above their January levels; industrial and agricultural prices at wholesale had generally risen about 10 percent; and retail prices to consumers had risen about 4 percent. The necessity of imposing some check on this advance, was recognized at the time, and prices of some basic commodities were already under control at the time of Pearl Harbor. It was early in 1942 that the General Maximum Price Regulation was established. The committee wishes to lay emphasis on the fact that the 1941 increase in prices came after 2 years of European war and only after the basic inflationary forces of increased demand and decreased supply actually impinged upon the markets.

The market and price situation in August 1950 is in some respects similar to that of 1941. A sharp increase in the prices in the speculative markets has already been passed on to manufacturers, and will in turn be passed on to distributors, retailers, and consumers. In drafting title IV, your committee, however, has borne in mind some important difference between 1941 and 1950. In 1950 there is no actual shortage of most goods. So far, there has been little diversion of production from civilian to military uses. The increases have been the semiautomatic reactions of people to their memories of what happened in World War II. Many, from the largest corporations to the individual consumers, recall the shortages of World War II, and many are trying to anticipate and circumvent those shortages. In the process, they are creating momentary shortages, and consequent price rises. There has been scare buying and filling of pipelines all the way from consumer to producer. This kind of buying has its own limits on the amount that individuals can purchase in advance of actual use, and on what the pipelines can hold. However, with the economy operating at high levels and military expenditures rising, the danger is that these price rises will not be self-limiting and may generate a price-wage spiral.

It is the committee's opinion that a situation like that of today does not point to the immediate necessity of over-all controls of the economy. We feel that it requires a flexible system which can be brought into play for handling particular situations and individual commodities. Total controls are necessary only when a substantial share of the national effort is devoted to defense. The current appropriation requests for military and foreign aid spending totals approximately $30 billion. The goods and services this country is producing today amount to almost $270 billions. The military and foreign program as planned at present, will absorb between 10 and 15 percent of the national product. This is about the same as in 1941; by contrast,

between 1942 and 1945, between 35 and 40 percent of our output was going for war.

The situation today is one in which the speculative elements are not confined to the commodity markets and the raw or basic materials traded thereon. Right now, the person who buys extra tires or the business which steps up its orders for materials a year in advance is speculating—gambling either that prices will rise or that the goods will not be obtainable in the future. The committee does not want to place the economy in a strait-jacket because of the action of these speculators. We must, however, be ready, willing, and able to control their actions if they do not control themselves. Your committee feels strongly that the existence of authority to stop these excesses will in itself do much to stop them.

Your committee has been especially mindful of the experience in World War II, and of the need that emerged in World War II to control more and more of the economy as the supplies of consumer goods contracted and incomes soared. It is the judgment of the committee that as long as the military expenditures are contained within the dimensions already specified by the President, vigorous programs of taxation and the control of credit will do much to restrain inflationary influences which might otherwise get out of hand. Your committee believes that under these conditions it may suffice to be able to apply limited, selective controls to prices and wages; accordingly this bill contains the authority for such controls.

At the same time, your committee recognizes that it is impossible to predict with finality what the future may bring, or what degree of military and economic mobilization may be required a few months or a year hence. Broad, general controls cannot be readied in a few weeks; preparatory planning should be begun immediately. The authority for this planning exists in this title of the bill.

WAGE STABILIZATION

It is clear from the experiences of World War I, World War II, and the year following World War II, that price stability cannot be maintained without some stabilization of wages, salaries, and other forms of compensation. On the one hand, increases in wages or salaries are directly or indirectly passed on in the form of cost and price increases or they create pressure upon established price ceilings and upon the prices of commodities purchased by the Government, under contract or open-market operations. On the other hand, increased purchasing power which results from higher wages and salaries creates a rising pressure of demand which tends to bid up prices where they are not controlled and to create gray or black markets where controls exist. In a period in which the volume of goods and services offered for sale throughout the economy is restricted by the demands of the military, purchasing power must be restricted if inflation is to be avoided. This is true at times even in individual cases in which the wage or salary increases may be absorbed by the employer and create no direct cost pressure upon established price ceilings. Wage stabilization is one of the devices which contributes to the restriction of purchasing power.

Wage stabilization may be required, in addition, as a necessary means of the stabilization of manpower movement. The recruiting of necessary manpower for the defense effort may be significantly

impeded if wages in less essential industry are repeatedly raised in an effort to keep or attract scarce manpower skills. Competition for workers, among defense plants, on the basis of special wage inducements can in itself be an important cause of high turnover, labor "pirating," and lowered production. Stabilization of wages will minimize these types of competition, and will contribute to orderly recruitment of workers through established channels of the State and Federal employment services.

In unusual cases, of course, it may be necessary to permit increases in wages as exceptions to wage stabilization in a deliberate effort to attract workers to a vital defense establishment. This was necessary on several occasions in World War II. Such action is possible within the terms of the special authority given to the President to permit wage adjustments "necessary to effectuate the purposes of this act."

The degree of wage control required must in a general way parallel the degree of price control imposed upon the economy. At the very minimum, there must be sufficient wage control to protect established price control, and to deal equitably with those establishments whose operations are subject to price control. Selective price controls call for selective wage controls. Broad price control, particularly when sufficiently widespread to require application at the retail level, calls for broad wage controls. Wage and price control must go together in the interests of equity to both employer and employee. To the employee, price control is a necessary prerequisite for the imposition of wage control; it is a guaranty that prices will in fact be stabilized when his wage is stabilized. To the employer, wage control is a prerequisite for the imposition of price control; it is a guaranty that his wage-costs will not be unreasonably increased at a time when he cannot increase his prices.

Tying price and wage controls thus together, section 402 (b) of the bill authorizes the President to impose selective wage control following the imposition of selective price control. This section also requires that the President shall impose wage controls where wage increases would require increases in established price ceilings or would impose undue burden on sellers operating under established price ceilings.

Similarly, section 402 (c) authorizes the President to impose broader wage control in the event that broader price control is imposed. This section of the bill makes it mandatory, as in the case of selective price control under section 402 (b), to impose wage controls at least to the extent required to avoid forcing increases in price ceilings or imposing undue burdens on sellers operating under established price ceilings. Finally, the bill requires the President to impose controls of wages, salaries, and other compensation throughout the economy whenever price ceilings cover goods and services comprising a substantial part of retail sales and materially affecting the cost of living.

The authority to control wages is expressed throughout the bill in terms of authority to "stabilize" wages. There is no intention to apply an absolute wage freeze any more than to apply an absolute price freeze. Where rigid stabilization would create gross inequity or defeat the purposes of the act, sufficient flexibility is provided to permit necessary adjustment in wages, salaries and other compensation. This is the essence of the difference between a wage "freeze" and wage stabilization.

In providing flexibility, your committee was conscious of the need to make this flexibility broad enough to permit the granting of those types of wages and salary adjustment which are the incentives and rewards for increased productive effort by individual workers and thereby lessen inflationary pressures in accordance with the purposes of this act. Among such adjustments are individual wage adjustments which accompany the assumption of increased responsibility or productive performance, such as promotions, merit increases, increases in incentive payments, and the like. Your committee also recognized that regulations issued pursuant to the act would deal primarily with wage rates and rates of payment, rather than the total amounts of compensation paid to individuals. Thus, for example, it is intended that hourly rates by stabilized, but that the regulations permit fluctuations in weekly wages as hours of work change. Similarly, the bill provides sufficient flexibility to permit the exemption from wage stabilization of employers with only a handful of employees, where the difficulties of administration would be great and the effect upon the over-all program small.

The committee also had in mind, however, that there be no circumvention of the wage stabilization program by new forms of payment which might be construed to be outside the scope of "wages." Accordingly, the committee has throughout this title referred to "wages, salaries, and other compensation," rather than to "wages" alone, and has clearly set forth, in the definition contained in section 702 (e), its intention that the scope of wage stabilization shall extend to all forms of payment, including pension, insurance, and all other forms of "fringe" payment which have become increasingly common since World War II.

The achievement of successful stabilization of prices—the objective of the combined price-wage stabilization program—is of paramount importance, above all, to the wage and salary earners in their capacity as consumers. If prices rise, they are among the first to suffer. Historically, when prices have risen, wages and salaries have lagged behind and real wages have tended to fall. This would be the case again were we to have another race between wages and prices.

Title IV. Section 401

This section sets forth the intent of the Congress governing title IV and the purposes to be achieved thereby. The intent may be summarized in the phrase, "Economic Stabilization." Your committee has been most specific in setting forth the intent of Congress to govern the use of the great powers conferred by this title and to safeguard against administrative misuse. Your committee is aware that the stabilization of a wartime economy involves intrusions and interferences in the affairs of business, agriculture, labor, and individual consumers far beyond any which would be tolerated except in a situation which threatened the national security of the United States and its people. It is precisely for this reason that your committee in authorizing these powers, has as far as possible, circumscribed the conditions under which they may be invoked. Your committee gave serious consideration to providing automatic criteria which would govern the application of the several sections of this title, and con-

cluded that the President must be given wide latitude and discretion. Your committee believes, however, that the statement of intent is both broad enough to cover the contingent emergencies that may arise and specific enough to provide substantive standards for the administration of the powers (bill pp. 38 and 39).

Subsection 402 (a)

This subsection provides that the President may encourage and use voluntary action by business, agriculture, labor, and consumers to contribute to economic stabilization. While no specific measures can be prescribed for this purpose in the bill, in fact much can be done on an entirely voluntary basis to restrain the inflationary forces. Your committee has noted with some concern the disturbing effects on the economy of scare buying, speculation, and hoarding by individual consumers and businesses in the weeks since June. We concur in the admonition of the President to these individuals and organizations that such action will only hasten the time when controls must be applied. It would be particularly unfortunate if, even in the face of plentiful supplies, these short-sighted tactics were to make it necessary to impose controls which might otherwise be deferred or avoided altogether (bill pp. 39 and 40).

Subsection 402 (b)

Paragraph (1) of this subsection provides what might be described as the first stage in the imposition of controls on the economy. It gives to the President authority to establish price ceilings selectively on any material which is of importance to the national defense or which significantly affects the cost of living, where an excessive and inflationary rise in price has occurred or threatens to occur; but this authority does not extend to the imposition of controls on prices at retail for household or personal use. It is intended that the President shall carefully weigh, along with many other factors, the levels of the consumer price index, the wholesale price index, and the daily index of spot market prices, as prepared by the Bureau of Labor Statistics in determining when it is necessary to invoke any price controls under this subsection or subsection 402 (c). Paragraph (2) of the subsection provides for a parallel and closely corresponding application of controls over wages in the industry producing or handling those materials or property whose prices are controlled.

This paragraph expressly provides that the President may stabilize wages in any such industry, and that he must stabilize wages wherever an increase in wages either would require an increase in the ceiling price or, in the absence of such an increase, would impose an undue burden on the seller operating under the price ceiling.

With reference to the use of the words "undue burden," 402 (b), a question was raised whether the language would be broad enough to authorize the agency administering this act to hold that a wage increase on a price-fixed product which consumed or practically consumed all of the net profit of the seller would not be an undue burden on him, but the intent of your committee is to the contrary. It is your committee's intent in the use of these two words that any wage increase on a price-fixed product which did not leave to the seller a fair and reasonable profit would be an undue burden on him.

Your committee believes that the discretionary authority conferred upon the President by this subsection would suffice during a period

when inflationary pressures were not gathering momentum very fast and while the impact of expenditures for military purposes and foreign assistance was felt on the prices only of certain commodities. If the rate of spending is not substantially increased beyond the approximate $30 billion now contemplated: and if these expenditures do not result in substantial curtailment of supplies of civilian goods; and if the programs of increased taxation and control of credit succeed in preventing inflationary increases in purchasing power, it may be that it will be unnecessary to go beyond these selective controls for a long time, if at all. If, on the other hand, the rate of expenditures has to be rapidly increased; if civilian supplies have to be curtailed sharply; and if inflationary pressures gather speed, this first stage may prove to be only a holding action while more extensive controls are readied.

The committee does not overlook the difficulties of administering controls on this selective basis. The selection of the commodities whose prices need to be controlled is dictated by the public interest and the needs of the military program, and not by normal peacetime standards of equity. What is "excessive and inflationary" in a defense situation might be considered reasonable and permissible in peacetime. The exercise of this authority selectively may, therefore, result in restraining price or wage increases which on their merits might seem reasonable under normal peacetime conditions. It is possible, for example, that the authority might be invoked to restrain both price and wage increases in a basic industry simply because of the widespread effects the increases would have on prices in other industries and on the wage structure generally. These potential effects might well make such increases "excessive and inflationary." The emergence of a large number of such situations might create great tensions in the economy which might lead to the need for general controls in the interest of equity.

We call attention particularly to the relationship between price and wage controls provided in this subsection. The President's discretion in applying price controls is paralleled by his discretion in applying wage controls. However, we wished to make sure that the imposition of wage controls became mandatory whenever a wage increase would exert irresistible pressure against a ceiling price or, as an alternative, would place an unfair squeeze upon the producer. Under such circumstances, the President is required by the act to prohibit wage increases except to the extent deemed necessary to prevent gross inequity or to effectuate the purposes of the act. It is to be noted that these exceptions, while they may be the occasion for increases, do not nullify the requirement for wage control; in other words, regulations must be issued to stabilize wages even though such regulations need not, in the exceptional cases noted above, prohibit increases altogether. The committee expects that whenever the President finds it necessary to adjust wages, either to prevent gross inequity or to effectuate the purposes of the act, he will give consideration to appropriate adjustments in the price ceiling also.

While the general parallelism of price and wage controls has been preserved, it is not the intention of the committee that price and wage controls should be thought of as coextensive in all cases. There will be occasions when one needs to be applied without the other. For example, it is not the committee's intention that the exemptions

from price control as provided in subsection 402 (f) should imply in all cases a corresponding exemption from wage control; nor is it the intention that every case of a controlled price will have its counterpart in controlled wages. The general parallelism is provided to assist in carrying out the purposes of the act, which is the controlling criterion.

The word "margin" as used in (1) of this section is not intended to include the term as used in stock-market or commodity-exchange transactions (bill pp. 40 and 41).

Subsection 402 (c)

This subsection confers the complete and final authority on the President to control prices, including retail prices, and wages throughout any or all parts of the economy. Paragraph (1) permits the establishment of price ceilings without limitation (except for those exemptions specified in subsection 402 (f)). Paragraph (2) confers the authority for parallel control of wages, on the same basis as in section 402 (b).

It is specifically provided in subsection (c) that price and wage control can be applied either selectively or generally, and, if generally, as broadly as necessary. In the event, however, that general price controls become necessary, your committee has specified a standard which requires that wage controls be applied generally, also. This standard provides that general wage controls must be invoked whenever price ceilings have been established on materials, services, and property comprising a substantial part of sales at retail and materially affecting the cost of living. The committee believes that when this point is reached in the control of prices, it is both equitable and necessary that general wage controls be applied: necessary because without wage stabilization, increased purchasing power would exert irresistible pressure against price controls; and equitable because once a substantial part of the cost of living is stabilized, the hardships of wage stabilization on wage earners are minimized.

This question of the point at which general wage and price controls should be invoked was most carefully considered by your committee. On the one hand, your committee recognized that it would be unwise to grant price and wage control authority unlimited by legislative standards and criteria. On the other hand, the committee recognized the dangers of placing too many restrictions on the exercise of such authority, considering the difficulty of anticipating the many situations which can arise. Your committee considered many suggestions by which the imposition of such controls might be determined by more or less automatic or specific criteria. In each instance, however, a majority of the committee felt that more general criteria and a wider delegation of authority were to be preferred. This was particularly the case in view of the still uncertain course of the total defense expenditure within the next year, and the necessity of having authority to act quickly should the international situation suddenly worsen (bill pp. 41 and 42).

Subsection 402 (d)

This subsection provides the basic standards to guide the President whenever he takes action to stabilize any prices and wages. In controlling prices and wages, the President must ascertain and give due consideration to the comparable levels of such prices and wages which

he finds to be representative of those prevailing during the period May 24 to June 24, 1950, inclusive (or the nearest date if this period is not applicable because of some abnormal market factors). The President must also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this act.

In determining and adjusting ceiling prices, consideration must be given to factors which the President may determine to be of general applicability. These include such factors as speculative fluctuations; general increases in the costs of production, distribution, and transportation; and general increases or decreases in profits earned by sellers of the material, property, and service after June 24, 1950. Similarly, in stabilizing wages, the President must give due consideration to relevant factors of general applicability.

Any regulation or order issued under this title is required to be generally fair and equitable and must be accompanied by a statement of the considerations involved in the issuance of such regulation or order.

The basic standards set forth in this subsection, in the committee's opinion, provide the President with the flexibility that he requires to meet the changing economic situation. He may establish as the level of prices and wages those prevailing in the period May 24, 1950, to June 24, 1950, inclusive—a period when the price-wage relationships were not under the influence of events in Korea and which may be said to reflect more nearly the interactions of market conditions in a normal peacetime economy. The President, however, in determining at what levels any price or wage shall be stabilized must consider the general factors which are relevant, and, in every case where he issues a regulation or order, it must be generally fair or equitable. The basis for the regulation or order must be explained in the statement of considerations which is to accompany it.

The requirement that regulations and orders must be generally fair and equitable is a recognition of the fact that the regulations or orders which apply to large groups of people cannot take account of every individual circumstance. To require that they do so would make ineffective the purpose of the regulation or order. However, to the extent that the purposes of this act would not be interfered with, the basic standards permit of enough flexibility to provide for such adjustments where individual hardships are created under such orders. Moreover, the economic relationships in existence prior to the events in Korea were highly favorable so that reference to a period before June 25 is not likely to work general hardship (bill pp. 42 and 43).

Subsection (e)

This subsection deals with the applicability of regulations or orders, and limits the authority of the President in stabilizing prices and wages.

It provides that any regulations or orders shall apply regardless of any obligation heretofore and hereafter incurred. The purpose of this provision is to permit the regulations to supersede private contracts when such contracts specify prices and wages inconsistent with those permitted, or when they contain terms forbidden by a regulation or order.

In the case of wages, no wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24 to June 24, 1950, inclusive, and any action taken on wages or salaries must not be inconsistent with the laws of the United States or any subdivision thereof. Since wages and salaries are usually changed at relatively infrequent intervals, the levels of wages and salaries prevailing in the base period represent contracts entered into on the average well before the base period. In effect, therefore, wages and salaries during the base period reflect the market conditions of an earlier period, while the level of prices in the base period generally reflects the market conditions in that period. Under these circumstances, it is highly desirable to provide this limit on any possible rollback of wages and salaries while permitting a more flexible situation with respect to prices (bill pp. 43–45).

AGRICULTURAL COMMODITIES

(Bill pp. 44 and 45)

Section 402 (e) (3) limits the authority of the President with respect to ceilings on any agricultural commodity by providing that no ceiling may be established or maintained below (1) the parity price for such commodity, as determined by the Secretary of Agriculture, or (2) the average price received by producers on June 15, 1950, as determined by the Secretary of Agriculture. These prices are subject to adjustment for grade, location, and seasonal differentials. This limitation on the authority of the President is in keeping with the policy of Congress that the parity price is a fair price for agricultural commodities. The date June 15, 1950, has been selected because it was the last date before the end of the base period (May 24, 1950–June 24, 1950), specified in section 402 (d), for which data on prices received by farmers for agricultural commodities have been collected by the Secretary of Agriculture. The agricultural prices received by producers on June 15, 1950, as published by the Department of Agriculture, of course, do not include a number of commodities which, because of their seasonal nature, were not marketed on that date. The effective minimum ceiling prices for those commodities under this section, therefore, will be the parity price. Wool, soybeans, beef cattle, lamb, and veal calves were the major agricultural commodities for which prices received by farmers on June 15, 1950, exceeded the parity price.

Consistent with the requirements with respect to minimum ceilings on agricultural commodities, it is also provided that no ceiling shall be established or maintained for any commodity processed or manufactured in whole or in substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the higher of the two specified prices. It is further provided that nothing in the act shall be construed as affecting the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, under which the Secretary is authorized to issue orders prescribing minimum prices which dealers pay farmers for milk. As used in this act, the term "agricultural commodity" is intended to mean any commodity for which the Secretary of Agriculture has determined a parity price.

The provision for the adjustment of fresh fruit and vegetable ceilings under certain conditions is similar to that contained in the 1944

amendment to the Emergency Price Control Act of 1942. This provision was adopted at that time because of the difficulties experienced in establishing fair and equitable ceilings for fresh fruits and vegetables in view of the unusual hazards which are involved in their production and marketing.

Prices received by farmers for selected commodities, June 15, 1950, and parity prices, July 15, 1950, with comparisons

Commodity	Unit	Price received by farmers June 15, 1950 [1]	Parity price July 15, 1950 [1]
		Dollars	*Dollars*
Basic commodities:			
Wheat	Bushel	1.93	2.21
Corn	do	1.36	1.60
Cotton	Pound	.2991	.3100
Rice	Bushel	1.88	2.28
Peanuts	Pound	.108	.120
Nonbasic commodities:			
Butterfat	do	.597	.709
Milk, wholesale	Hundredweight	3.45	4.43
Hogs	do	17.80	19.30
Eggs	Dozen	.301	.511
Chickens	Pound	.221	.292
Flaxseed	Bushel	3.68	4.38
Soybeans	do	2.80	2.56
Potatoes	do	1.27	1.75
Sweetpotatoes	do	2.11	2.36
Dry field peas	Hundredweight	2.73	5.56
Beans, dry edible	do	7.00	8.55
Turkeys	Pound	.288	.369
Wool	do	.562	.515
Cottonseed	Ton	46.20	67.30
Beef cattle	Hundredweight	23.70	17.40
Lambs	do	24.80	19.10

[1] As reported in Agricultural Prices, issued monthly by the BAE.

Subsection 402 (f)

This subsection exempts from price and wage control under this title certain categories of items. These are: (1) Prices or rentals for real property; (2) rates or fees for professional services; (3) prices or rentals for books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap, and rates charged by newspapers, magazines, radio or television stations, motion pictures, or other advertising facilities; (4) insurance rates; and (5) rates charged by any common carrier or other public utility.

Some of these items are covered by regulation in other ways. Thus, rents on residential property are subject to control under existing law. Rates of common carriers and other public utilities are regulated under existing State and Federal laws.

The other items exempted are mainly those items which were not controlled during the last war. It did not seem desirable to permit control of them in the present situation.

With respect to the exemptions for newspapers, radio broadcasting and other media of public information, the committee had acted to protect freedom of expression from any possibility of interference, however indirect. It is expected however, that in establishing their prices and rates, these exempted businesses will set public examples of restraint and moderation, especially if the time might come when the wages of their employees may be controlled even though their prices are not (bill pp. 45 and 46).

Subsection 402 (g)

This subsection permits the President by regulation or order to provide exemptions for any materials, services, property, or transactions, or types of employment with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary to control those prices or wages in order to effectuate the purposes of this act. However, no exemption is permitted for those cases where regulations are required by section 402 (b) or 402 (c).

This provision draws on the experience of World War II when some items were exempt from price control to further Government procurement. It also gives the President flexibility in applying or modifying any regulation or order he has issued. However, the exemption does not apply to any regulation or order required to stabilize wages, salaries, or other compensation to prevent price increases in established ceilings or to prevent the imposition of an undue burden on a seller subject to a price ceiling established under section 402 (b) and 402 (c). This preserves equity between employers and employees and minimizes the pressures of wage costs on price ceilings. The intent of this subsection is to permit minor adjustments of inequalities in order to effectuate the purposes of the bill and is not intended to permit the elimination of price or wage controls on an arbitrary basis in any area of controls (bill p. 46).

Section 403

Your committee carefully considered the question of the proper administrative organization for the administration and enforcement of price and wage control authority conferred by various sections of this title. The committee concluded that in the early stages of control, such as those provided in subsection 402 (b) for limited and selective controls, the choice of the agency should be left entirely to the discretion of the President. The committee felt strongly, however, that the experience of World War II indicated that once it was necessary to have general price and wage controls, and rationing of goods to consumers for personal and household use, a new independent agency should be set up to assure proper coordination of the various aspects of this vast program. However, it is not the intention to require rationing controls at the consumer level solely because price and wage controls have become necessary generally, or to prevent the earlier imposition of rationing if needed.

The committee was fearful that the delegation of Presidential authority to various executive agencies might lead to the dispersion of the price authority, for example, to two or more agencies with different standards of treatment for different classes of producers; or that the authority to control wages might be too far removed from the authority to control prices. In such cases the coordination by the President could be only nominal because of the great burdens borne by the President. The committee therefore provided that a single, new, independent agency should be responsible for the enforcement of all aspects of the program. Although it is clearly intended that such an agency should use the facilities for service, information, and inspection which can be more economically provided by existing agencies, it is provided that the enforcement authority of the new agency may not be delegated. Of course the President may establish such an

agency before it has become necessary to impose price and wage controls over a substantial portion of the national economy, if in his discretion such action is advisable (bill pp. 46 and 47).

Section 404

This requires the President, so far as is practicable, to advise and consult with, and establish and utilize committees of representative persons substantially affected by regulations or orders issued herewith. This was required during the last war. It is important to insure that any regulations or orders that are issued benefit from the advice and experience of those affected by them. In this way, regulations or orders will be based on the best information and advice available. This section supplements other provisions of the bill, particularly sections 701 and 709 on this point (bill p. 47).

Section 405

Subsection (a).—This subsection makes it unlawful, regardless of any obligation, for any person to sell or deliver, or in the regular course of business or trade to buy or receive any material, service, or property, or otherwise to do anything which is in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt, or agree to do any of the foregoing (bill pp. 47 and 48).

Subsection 405 (b)

This subsection adopts the language of the Stabilization Act of October 2, 1942, respecting the penalties to be applied for violations of the wage and salary stabilization program. The committee finds that the disallowance of illegal wage payments as a cost of doing business, for purposes of computing taxes, Government contract payments, and for purposes of establishing price ceilings, was an effective deterrent. The committee has specifically included the provision which prohibits the receipt by an employee of any wage, salary, or other compensation in violation of regulations or orders issued under the authority of this title. This section is also believed to be a deterrent to the bringing of undue pressure upon employers to give wage or salary adjustments which would violate established wage-stabilization regulations. Your committee notes, however, that the effective protection of the economy against the inflationary effects of substantial wage increases which might be sought through pressure and threat of strike action lies in the wage-stabilization program itself, in the voluntary restraint which employees and their representatives can be expected to exercise in a period of national emergency, and in the effective use of the authority conferred upon the President under title V and under other statutes affecting labor-management relations (bill, pp. 47 and 48).

Section 406

This title is intended to safeguard any person in his right not to sell any material, service, or property or to perform any personal service against his will (bill, p. 48).

Section 407 makes provisions for the filing of protests against regulations and orders by persons affected by those orders. Section 407 provides that at any time within 6 months after the issuance of an order, a person subject to it may file a protest which the President

must grant or deny within 30 days. (In the case new grounds for the protest arise after the issuance of an order, the protest may be filed within 6 months after the new grounds arise.) Where the protestant requests, he may have a hearing before a board of review, with an opportunity for presenting evidence and giving an oral argument. A similar provision was contained in the Emergency Price Control Act of 1942 (bill, pp. 48–59).

Section 408 provides for appeals to the Emergency Court of Appeals, which was established under the Emergency Price Control Act and which is still in existence for the purpose of handling certain rent control cases.

The Emergency Court of Appeals consists of three or more judges of the United States court of appeals selected by the chief justice. They sit in the District of Columbia or elsewhere in the country as occasion may require. Appeals may be made to this court, and from it to the Supreme Court when the President has denied a protest under section 408. In general, the provisions for the Emergency Court of Appeals is comparable to that under the Emergency Price Control Act, but your committee has not followed that act with respect to the determination of the validity of regulations under this title. On the contrary, instead of providing, as that act provided, that the Emergency Court of Appeals should have exclusive jurisdiction to determine the validity of price-control regulations, your committee has given exclusive jurisdiction to the Emergency Court of Appeals with respect to orders enjoining and staying these orders and regulations, but has left to courts of general or other competent jurisdiction the authority to declare invalid these regulations or orders. This will permit a person being tried in a local court on a charge of violation of these regulations to contest in that court the validity of the regulations issued under this title. While your committee recognizes the advantages of a specialized skilled court for the purpose of making these determinations, your committee considers it even more important to give to the public the protection of a full trial on the merits in his own local court.

Section 408 provides that the President may enjoin prospective violations of regulations under this title and also provides for a fine of $10,000, or imprisonment for not more than 1 year, or both. In addition, section 409 provides that a person who buys an article, for use or consumption other than in the course of trade or business, over the ceiling price may bring an action against the seller on account of the overcharge and may recover a minimum of $25 and a maximum of three times the amount of the overcharge (but not to exceed the amount of the overcharge plus $10,000). The section also provides that the recovery shall be limited to the amount of the overcharge if the violation was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. In addition, if the buyer does not bring an action himself within 30 days, the President may institute such an action for triple damages (bill pp. 50–57).

Title V. Settlement of Labor Disputes

(Bill pp. 57 and 58)

This title is intended to strengthen the national defense effort by giving the President the necessary authority to prevent interruption

of production by labor disputes which affect the national defense. In an emergency period we can ill afford to permit labor disputes to follow their normal course to eventual settlement. The institution of price and wage stabilization provided for under title IV of this bill would add to the strain upon normal collective bargaining. We therefore need a peaceful means of settling labor disputes which may threaten national defense or economic stabilization. We must state our intention of meeting this need, so that labor and management alike will be assured that the economic strains which come with the stabilization effort will be dealt with in peace and fairness to all.

Your committee wishes to emphasize that this title does not contemplate any departure from our national labor policy of encouraging the practice of collective bargaining. On the contrary, this policy is expressly reaffirmed and it is intended that most disputes will be settled by the efforts of the parties either through collective bargaining or through the use of mediation and conciliation. Only when such methods prove ineffective will it be necessary to resort to the procedures which the President is authorized to establish under this title.

This title contemplates a board or commission to deal with disputes which affect the national defense, whether they arise by reason of wage and price stabilization, or otherwise. The usefulness of this method of handling disputes affecting national defense was proven by our recent experience under a comparable set-up during World War II.

Under section 502, the President, before establishing such a board, is to consult with labor and management. This might be accomplished by calling a national labor-management conference such as was held during World War II, when a no-strike, no-lock-out pledge was obtained from labor and mangaement.

Subsequent to such consultation the President is authorized to establish principles and procedures, and to take appropriate action including the designation of a board or commission, for the settlement of labor disputes affecting national defense.

It is the intent of this title that such an agency should be fair to all parties, should be bound by the stabilization policy, and should make decisions which substantially follow normal collective-bargaining practice. This title does not alter existing labor standards and labor-relations statutes; on the contrary, no action can be taken under this title which is inconsistent with the provisions of the Labor-Management Relations Act, 1947, the Fair Labor Standards Act of 1938, as amended, or other applicable statutes, such as the Public Contracts Act, the Railway Labor Act, or the Davis-Bacon Act. It is clear, however, that existing procedures are not adequate to deal with labor disputes in a period of wage and price stabilization. For example, the Federal Mediation and Conciliation Service is not authorized to enter a labor dispute unless requested to do so by one of the parties to the dispute or unless the parties accept its proffer of services. Likewise, the National Labor Relations Board and its general counsel have no machinery or statutory power to mediate or conciliate, or to pass on many of the questions which may arise out of wage stabilization.

The committee contemplates, however, that the President, in taking action in a labor dispute affecting national defense will have available to him the procedures provided by existing statutes, as well as those authorized by this title. For instance, if a dispute came within the

terms of the national emergency provisions of the Labor-Management Relations Act, action might be taken under that act.

Your committee is confident that, with accumulated wisdom and experience gained during the last war and since that time in the peaceful settlement of industrial disputes and given the proper machinery, we can reduce to an absolute minimum the production and labor power dissipated as a result of industrial disputes.

Labor and management recognize their destiny rests in their ability to produce and work together for victory on the battlefield as well as for peace and plenty at home. Your committee and, we believe, the Nation are confident that their trust in them during what may be the most critical period in our Nation's history, will be more than justified.

Title VI—Control of Consumer and Real Estate Credit

(Bill pp. 58–65)

Title VI of the bill would authorize controls over additional extensions of consumer and real-estate credit. These controls are designed to curb inflationary tendencies and conserve materials and facilities needed for national defense. The potential dangers of inflation, both to our general economy and to our national-defense needs, are well recognized. The present international situation has greatly increased the necessary demands of the Government for goods and services. One of the major factors in the high volume of private purchases has been the availability of mortgage and consumer credit on liberal terms. Unless prompt and effective action is taken, this situation will upset the Nation's economic balance and add to the difficulties in procuring the manpower and materials necessary for our national security. Particularly at a time when the resources of the Nation are fully employed, there is great danger, without the authority contained in title VI, of runaway prices which will impose an intolerable burden on consumers and add greatly to the costs of mobilization and rearmament.

Your committee is convinced that control over both consumer and real estate credit is the logical initial action to be taken. If the authorities granted in title VI are put promptly into effect, there is sound reason to believe that both the scope and severity of more direct and onerous controls will be lessened, and the administrative problems inherent in such controls will be simplified.

Regulation of consumer credit

Section 601 of the amended bill would provide for the regulation of consumer credit by reinstating the authority of the Board of Governors of the Federal Reserve System to exercise controls over such credit in accordance with Executive Order No. 8843, dated August 9, 1941. It was under such authority that the Board of Governors regulated consumer credit, through its regulation W, from September 1941 through October 1947, and again a more limited form from September 1948 to June 1949.

As introduced, the bill would have dealt with this subject by entirely new comprehensive legislation authorizing the President to regulate consumer credit. Your committee felt, however, that it would be preferable to vest the authority directly in the agency which

had previously exercised such controls and to follow the precedent set by the act of August 16, 1948, which reinstated the authority of the Board of Governors to exercise controls over consumer credit under Executive Order No. 8843 for a temporary period ending June 30, 1949. It is further intended that these controls shall be exercised substantially as they were during World War II.

Consumer credit has been a major factor in expanding the demand for consumer goods. The volume of such credit had been increasing rapidly prior to the Korean crisis, with an increase of about $3,000,000,000 a year since the end of 1945. The increase in the past year was 3.5 billion dollars, and in May it was about 500 million dollars, the largest increase on record for that month. The most important segment of total consumer credit is installment credit, especially for the purchase of durable goods. During the past year, installment credit rose nearly $3,000,000,000, and accounted for 83 percent of the increase in total consumer credit. The role which installment credit has been playing in the growth of demand is illustrated not only by the amount of expansion, but also by the relaxation in the terms under which such credit is extended. Reports of declines in required down payments have become widespread and the average period of repayment has lengthened progressively.

With demand for consumer goods already at a very high level, the Korean crisis caused a new wave of consumer buying, which has been aided by the easy credit terms generally prevailing. There is a tendency for demand to outrun supply in some instances, and the rise in consumer prices, which began in March, has been further accelerated, with prices approaching record levels. As the requirements for military purposes increase, it may be expected that this situation will be further aggravated and that we may be faced with serious problems of gray markets and spiraling prices, unless prompt action is taken.

Under the authority to regulate consumer credit provided in section 601 of the amended bill, minimum down payments on purchases, maximum maturities, and other standards appropriate to limit credit extension could be prescribed. Such regulation is an essential part of a program to accomplish the purposes of this legislation. Not only would it assist in preserving our economic balance by reducing the demand for consumer goods and the inflationary pressure upon the prices of such goods, but it would also aid in making available the manpower and materials necessary for the national defense and the military effort.

Your committee in attempting to control the volume of consumer credit does not wish inadvertently to discourage thrift. Therefore it is not intended that loans to members of savings and loan associations secured by share or deposit accounts in such associations be subject to any consumer-credit regulation. When a member of a savings and loan association obtains a loan secured by his account, he does so in lieu of making a withdrawal from his account. Such loans do not create new credit. They are merely a device whereby a member may temporarily use a part of his savings without loss of current earnings. This device encourages a continuation of a thrift program. Under the old regulation W, members frequently withdrew accounts in their entirety in protest against regulation W restrictions, with the result that they had more money to spend than would have

been the case had they been permitted to obtain share loans without submitting to the requirements of regulation W.

REAL ESTATE CREDIT CONTROL

Need for control

The unrestricted continuation of real estate lending at the current rate would be a major inflationary force during the current defense period.

Outstanding mortgage debt is now more than three times as great as all outstanding consumer credit and is currently increasing at a rate about twice the rate of increase in consumer credit.

[In billions of dollars]

	Nonfarm mortgage debt	Mortgage debt on 1-to-4-family houses	Total consumer credit
1941	$32.4	$19.4	$9.9
1949	[1] 57.0	[1] 37.4	18.8

[1] Estimated.

Expansion of mortgage credit contributes not only to the demand for labor, materials, and equipment that go into housing and other construction, but, by increasing available purchasing power, also increases the demand for all other goods. The expansion of such credit has been a necessary factor in the provision of urgently needed homes and other essential construction. However, when our now expanded defense needs are added to the current unprecedented demand for new homes and other buildings, a severe strain is being placed on the resources of the building industry and related construction materials industries. With these industries already operating at capacity, new credit cannot increase the general availability of goods or facilities, but must result (as we have seen in the past few months, even before the Korean outbreak) in higher prices. Similarly, when industry operating at capacity diverts or prepares to divert a part of its production to defense uses, there will be inflationary tendencies unless other demands for its production are correspondingly decreased. Curtailment of credit is an effective means for decreasing such other demands and thereby makes easier the release of manpower and critical materials for our defense needs.

The total nonfarm real estate mortgage debt outstanding at the end of 1949 was $57,000,000,000, an increase of 75 percent from the 32.4 billion dollars at the end of 1941. As a matter of fact, virtually all of this increase has occurred since 1945. Over 60 percent of this debt was secured by one- to four-family homes, about 20 percent by multifamily structures, and less than 20 percent by commercial or industrial properties. Home mortgages made in the first half of 1950 amount to about 6½ billion dollars or at an annual rate of $13,000,000,000. The net increase in home mortgage debt outstanding during the first half of 1950 (after regular amortization and other repayments) was about $3,000,000,000, bringing the total outstanding on June 30 to about $40,000,000,000 or double the figure outstanding at the end of World War II.

In the first 6 months of 1950 (before the Korean outbreak) construction activity as a whole was 20 percent above 1949, and housing starts were 50 percent above 1949. Prices of building materials had climbed back almost to the postwar peak; during the single month of July, the index rose an additional 3 percent. From all indications prices of both building materials and new housing will continue to increase sharply unless adequate measures are taken promptly. The repercussions of price increases in the construction industry will be felt throughout the entire economy. We cannot maintain the present high level of construction and at the same time meet our new military commitments without running the risk of widespread and serious inflation.

Even more important than the need for avoiding inflation is the necessity for curtailing construction which takes materials and labor needed for military production. The construction industry is an important consumer of steel and other materials in short supply. It employs hundreds of thousands of skilled workers now in great demand. Curtailment of construction will result in the curtailment of demand for the great variety of commodities needed to furnish and equip new buildings, e. g. house furnishings, furniture, and equipment. "Construction as usual" would greatly impede the acceleration of our defense output, the immediate objective of our Nation.

Historically, high rates of investment in new construction have occurred during periods of liberal credit. Real-estate investment by its nature is usually accomplished by extensive use of long-term borrowed money. It is therefore an activity peculiarly sensitive to credit restrictions. Furthermore, control of credit as a device for controlling construction is more easily administered than direct limitations, priorities, and allocations. Credit control does not require elaborate administrative machinery and procedures onerous to both the Government and the public. While more direct controls may prove necessary if a drastic curtailment is required, as a practical matter they cannot be so quickly applied.

Additional legislative authority necessary

The Federal Government has already taken action, within the scope of its legislative authority, to curtail certain types of mortgage credit in the field of housing as a means of conserving resources for defense and reducing inflationary pressures. For example, at the request of the President to the Housing and Home Finance Administrator, the Federal Housing Administration has reduced maximum loan ratios for all of the major types of insured mortgages by 5 percent, and has frozen construction costs for mortgage valuation purposes to those in effect on July 1, 1950. It has also required a minimum down payment of 10 percent on modernization and repair loans insured under title I of the National Housing Act. These and other actions taken by FHA will place a brake on certain housing production and modernization and tend to reduce the inflationary effects of current home financing. Upon similar request by the President, the Veterans' Administration has, to the extent permitted by law, taken parallel steps with respect to its home loan guarantee functions, and has restricted its direct loan program. Similar actions have limited low rent public housing construction assisted by the Public Housing

Administration and other housing assisted by the Federal Government.

Your committee believes that these initial steps to control housing credit, although desirable, will be of limited effectiveness without additional legislation. Present legislation is inadequate in the following respects:

(1) There is no existing authority to extend these controls to any loans other than housing loans assisted or made by the Federal Government, and

(2) Because of mandatory provisions in some authorizing laws, there is no present authority to control adequately certain types of loans assisted by the Federal Government.

Less than half of the outstanding home mortgage debt is insured or guaranteed by the Federal Government, as indicated in the following table. Any Federal action with respect to the remainder is limited to indirect supervisory activity by the Home Loan Bank Board or other Federal supervisory agencies. It is therefore obvious that a control covering less than half of the housing credit field will be seriously deficient. In the first place, in order to obtain any given total effect on construction, with control over only part of the credit facilities, the action necessary will have to be much more restrictive. Secondly, the more restrictive the action on insured and guaranteed mortgages, the greater the encouragement for both lenders and borrowers to seek unrestricted types of housing credit, including resort to risky second mortgages at high rates of interest, and particularly in the absence of any standardized appraisal system in the conventional lending field. Finally, if we are forced to rely entirely on credit restrictions on insured and guaranteed mortgages, the sharpest impact will be felt by the groups Congress has long intended should be the principal beneficiaries of those programs—veterans and other moderate-income families.

Outstanding home mortgage debt, Dec. 31, 1949

[Amounts in billions of dollars]

By institution	FHA-insured	VA-guaranteed	Conventional	Total
Savings and loan associations	0.6	2.4	8.6	11.6
Life insurance companies	2.9	1.2	1.8	5.9
Mutual savings banks	.7	1.0	1.5	3.2
Commercial banks	2.4	2.7	1.0	6.1
HOLC			.2	.2
FNMA	.4	.4		.8
Individuals and others	.4	.2	8.8	9.4
Total	7.4	7.9	21.9	37.2

The present authority for credit controls is thus inadequate because much of its effect may now be dissipated through the availability of uncontrolled credit. It is therefore essential that legislation be granted to round out the existing authority in this field.

As already indicated, credit controls constitute the logical first course of action in controlling construction activity. Without resorting to the elaborate administrative machinery required for some other types of restrictions, credit controls can be applied at once and with desirable selectivity, for example according to the type of house or

other structure, the defense needs in particular areas, and occupancy preferences. Thus, the most stringent credit controls could be applied with respect to construction that is unnecessary to defense activities and least essential to public needs. It is the intent of your committee that these controls should be used to preserve the relative preferences accorded to veterans under existing law, and with special attention to the needs of those least able to afford housing.

Real-estate credit control provided in title VI

Sections 602, 603, 604, and 605 of the bill contain the necessary provisions to round out the existing legislative authority of the Federal Government with respect to real-estate credit, and to correct the deficiencies in that authority explained under the previous heading of this report.

Section 602.—This section would confer the authority with respect to the control of conventional credit for real-estate construction—that is, loans for such construction not made, insured, or guaranteed by the Federal Government.

As introduced, the bill would have given powers with respect to both consumer credit and real-estate credit to the President to be delegated by him to appropriate agencies of the executive branch. However, as already noted, your committee feels that consumer credit controls were successfully applied by the Board of Governors of the Federal Reserve System during World War II and has, accordingly, provided for the reinstatement of the same powers in the Board. Because of the relationship between consumer credit and real-estate credit and the need for coordinating real-estate credit with general credit and monetary policy, your committee has also placed controls over this phase of the credit situation in the hands of the Board with the provision, however, that the Board may act through and utilize the services of the Federal Reserve banks and any other Federal or State agencies which may be appropriate. The committee recognizes the great difficulties involved in the administration of controls of this nature, but believes that the Federal Reserve Board is peculiarly adapted to cope with the types of problems that will arise.

It is the intention of your committee that the Federal Reserve Board, through appropriate delegations of authority and otherwise, exercise this power and utilize the services of other agencies to the maximum extent consistent with good administration, and that, particularly with respect to housing, it consult with and co-ordinate its policies, regulations, and orders with the Housing and Home Finance Agency, which has the major responsibilities of the Government in connection with housing and housing credit, as well as extensive experience through contacts and operations in the field. Also, the Housing and Home Finance Agency, through the National Housing Council, is already charged by law with the responsibility for "facilitating consistency between such housing functions and activities and the general economic and fiscal policies of the Government. * * *" The Housing Agency in the administration of its regular programs regularly assembles considerable current housing and credit data which will be useful in the formulation and administration of the controls contemplated by section 602.

Your committee has made another substantial change in the provisions of this title of the bill, as introduced, relating to the control of

conventional credit. It has removed from such provisions all control over credit with respect to existing construction, so that control of conventional credit would be applicable only to future construction of structures or major additions or improvements to structures. As credit with respect to existing structures does not directly affect the use of materials needed for the national defense, it is the view of your committee that control of such credit is not necessary at this time.

Subsection (a) of section 602 contains the basic regulatory authority over conventional real-estate credit. To assist in carrying out the purposes of the bill, the Federal Reserve Board would be authorized to prescribe regulations from time to time which, in its judgment, are necessary in order to prevent or reduce the excessive or untimely use of, or fluctuations in, real estate construction credit covered by this section. The regulations could prescribe such matters as the kind or kinds of such real estate construction credit to be regulated, maximum loan or credit values, minimum down payments, maximum maturities, and amounts of credit, and rules against any credit in specified circumstances. Rules also could be prescribed regarding consolidations, renewals, revisions, transfers, or assignments of credit, and regarding other similar or related matters. Persons or transactions could be appropriately classified, including classification of transactions as to type, form, area, or otherwise. The regulations, in addition, could include such administrative provisions as are reasonably necessary to effectuate the purposes or to prevent evasions of the authority so established.

The Board could change or suspend the regulations from time to time in order to take account of changing conditions. But, in either prescribing, changing, or suspending the regulations, the Board would be required to consider, among other factors, (1) the level and trend of real estate construction credit and the various kinds thereof, (2) the effect of the use of such credit upon (a) purchasing power and (b) demand for real property and improvements thereon and for other goods and services, (3) the need in the national economy for the maintenance of sound credit conditions, and (4) the needs for increased defense production.

Subsection (b) would prohibit extension or maintenance of credit in a manner contrary to the regulations prescribed under this section. It would also provide that persons subject to such regulations shall make, keep, and preserve such records and related matters and make such reports, as may be necessary or appropriate to effectuate the purposes of these controls. In addition, provision would be made for periodic or other examinations or inspections which the Board deems reasonably necessary or appropriate.

Under subsection (c), persons, transactions, or classes of persons or transactions subject to this section could be registered. This would not be an automatic requirement but one which could be included in the regulations prescribed by the Board. Your committee understands that such a requirement would be not only of material assistance in enforcement but also a valuable source of information as to such matters as the number of persons or the volume of transactions subject to regulation. The subsection also provides for the suspension of any such registration for violation of the section or regulations prescribed thereunder. This could be done only after notice and opportunity for hearing; and any person whose registration is suspended would be

entitled to court review of the suspension order under the judicial review provisions of the Securities Exchange Act of 1934.

Your committee is of the opinion that the registration authorized in subsection (c) would afford a desirable means for enforcing conventional credit controls. The use of a similar authority with respect to consumer credit during World War II was very successful and was not onerous to the registrants or to the Government. This subsection (c) would also specifically provide that the Board could act through and utilize the services of the Federal Reserve banks and any other agencies, Federal or State.

Subsection (d) would define certain basic terms used in this section but would permit the issuance of regulations by the Board to further define such terms (in a manner not inconsistent with the provisions of this section) and to define technical trade and accounting terms.

The definition of "real estate construction credit" would determine the type of credit included in the section. It would define the term to mean any credit extended after the effective date of the legislation wholly or partly upon the basis of the security of, or for the purpose of purchasing, carrying, or financing new construction on real property or real property on which there is new construction, or which involves a right to acquire or use new construction. "New construction" would be defined as meaning any structure or major addition or improvement to a structure begun after noon of August 3, 1950.

In using the term "begun" in relation to construction your committee recognizes that the date when construction was begun involves drawing a line at a particular spot in the course of a relatively long process. The date the committee had in mind in using the term "begin" construction was the time when materials which are to be an integral part of the structure are incorporated on the site. Under this definition such matters as demolition, site preparation in constructing forms for concrete would not constitute the beginning of construction. On the other hand, construction would have been begun if concrete footings had been poured, or permanent bearing piles had been driven, or foundation walls had been built, whether laid dry or with mortar. Your committee recognizes that the Federal Reserve Board, to whom this authority is delegated, would have to issue regulations, more precisely define the meaning of the term in its regulations, and in addition the Federal Reserve Board would have authority to give consideration to unusual hardships arising from situations where the builder was substantially committed, even though he had not begun construction and might suffer irreparable hardship under an unduly harsh exercise of the real estate credit controls.

There would be specifically excluded from the definition of "real estate construction credit" any loan or loans made, insured or guaranteed by the Federal Government or any Federal agency.

The term "credit" would be defined broadly so as to include clearly any credit, or any arrangement which in effect constitutes credit. This definition is intended to be all-inclusive so as to guard against inequities or loopholes which may render it ineffective. This is not to be construed, however, to prevent the Federal Reserve Board from making appropriate exemptions with respect to proper classes of transactions such as the erection of a plant for national defense purposes.

Section 603 contains the usual penalties for willful violation of any of the provisions of this section or regulations or orders issued thereunder.

Section 604.—This section would provide that the Board of Governors of the Federal Reserve System, in exercising controls under sections 601 and 602 shall have the same authority with respect to investigations, injunctions, jurisdictions, and other matters as the Security and Exchange Commission has with respect to its functions under the provisions of sections 21 and 27 of the Securities Exchange Act of 1934, as amended.

Section 605.—This section would round out the authority of the President to control future real-estate loans made, insured, or guaranteed by the Federal Government, as distinguished from conventional real-estate loans covered by section 602. To assist in carrying out the objectives of the bill, the President would be authorized to reduce the maximum authorized principal amounts, ratios of loans to value or cost, or maximum maturities of real-estate loans made, insured, or guaranteed by the Government or any of its agencies. In appropriate cases, the President could reduce or suspend any such loan, insurance, or guaranty program of the Government. Action authorized under this section could be taken only after consultation with the Board of Governors of the Federal Reserve System and upon a determination, after considering its effect on the building industry, the national economy, and the need for increasing defense production, that such action is necessary in the public interest. The provision requiring consultation was added by your committee. The President, in the exercise of the powers given to him by this section, would be required to take into consideration the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

This section would thus permit the President to extend existing controls on loans made, insured, or guaranteed by the Federal Government to those additional loans of this type where the Government now has no discretionary authority to apply such controls. It would also strengthen his legal authority with respect to the control of all loans made, insured, or guaranteed by the Federal Government. The section would thus permit the control of these loans to be handled in a consistent and equitable manner.

Your committee expects that in the administration of the authority granted in section 605 full use will be made of existing facilities and agencies of the Federal Government. The committee further intends that the housing or other agencies given duties under this section consult with the Federal Reserve Board.

Your committee cannot overemphasize the importance which it attaches to coordination and cooperation among the agencies of the Government with respect to credit controls under title VI, particularly those with respect to housing credit. This applies to the controls under sections 601 and 602, as well as those under section 605. The control of housing credit, insured, guaranteed, or conventional, must be integrated with the basic housing responsibilities of the Federal Government. While housing considerations must be subordinated to the necessities of national security, the Nation's housing standards should be maintained at as high a level as is consistent with defense needs. Orderly readjustment of the home-building industry to meet

changing requirements is also essential. Under current conditions, it is of paramount importance that whatever restrictions are necessary are equitably applied without requiring undue sacrifice from those least able to pay for housing.

Your committee believes selective application of housing credit controls, coordinated with considerations outside the credit field, is necessary in this emergency situation. For example, controls should be applied in such a manner as to maintain the relative advantages presently available to veterans, and as total new construction is reduced an increasing proportion of that total should be concentrated in the field of moderate-and low-priced housing. Similarly, if it proves necessary to utilize in the construction area the priority powers contemplated in title I of the bill, controls over mortgage credit will have to be adjusted. In a defense economy, the application of credit restrictions must be consistent with the provision of adequate housing for defense workers.

Your committee firmly believes that the control of conventional real-estate credit and the control of Government-assisted real-estate loans must be closely coordinated and geared together so that there will be no discrimination against either. No controls should be designed to force lenders or borrowers to use Government-assisted programs. On the other hand, equitable treatment of those institutions and borrowers utilizing Government-insured or guaranteed loans requires that credit controls applied to conventional loans be as effective in reducing credit as those applied to Government-assisted loans.

Your committee deleted a section in title IV of the bill as introduced which would have permitted the Home Loan Bank Board by regulation to increase the liquidity requirements of members of Federal home-loan banks (up to a maximum of 20 percent of the institution's share capital, as compared to 8 percent under provisions to be effective on December 27, 1950, under existing law). Your committee feels that this authority would not result in a substantial contribution to credit control at the present time, as member institutions are currently holding 17 or 18 percent of their resources in liquid assets.

While your committee has not included in the bill it is reporting the control of commodity speculation, it is sympathetic with the objective of eliminating speculative gambling on commodity exchanges. Your committee, however, does recognize that within proper limits legitimate speculators play an important role in such markets. The problem is one that deserves very careful consideration, but the problems such legislation presents are so complex that it was impossible in a limited time your committee had to act on the more urgently required sections of the bill to work out satisfactory and adequate legislation on this subject. Your Chairman was therefore instructed by your committee to confer with the chairman of the Agriculture and Forestry Committee and recommend that it consider the commodity-speculation section of the bill and report to the Senate thereon.

use of selective controls and voluntary restraints, which are also designed to prevent an OPA.

While we do not oppose the provisions of the committee bill dealing with price and wage stabilization and consumer rationing, we believe the method outlined above to be preferable as a mechanism for instituting those controls. We believe it would be some measure of assurance that these extraordinary restrictions would not be imposed prematurely. We believe it to be a means of postponing the effect of inflation until the causes can be dealt with by restrictions on credit, coordinated with measures of monetary and fiscal reform.

We, nevertheless, support this bill, in the hope that the Congress will immediately enact tax increases at least sufficient to cover the new budget requests for increased military requirements; that the powers over credit given to the Federal Reserve Board in this bill and prior legislation will be exercised promptly and effectively; and that the credit and debt-management policies of other agencies will be coordinated with the purposes of this bill.

○

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

[Report No. 2250]

IN THE SENATE OF THE UNITED STATES

JULY 19 (legislative day, JULY 1), 1950

Mr. MAYBANK introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

AUGUST 7, 1950

Reported, under authority of the order of the Senate of August 4 (legislative day, July 20), 1950, by Mr. MAYBANK, with amendments

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, ~~That this Act, divided into titles, may be cited as "The Defense Production Act of 1950".~~

~~TABLE OF CONTENTS~~

~~Title I. Priorities and allocations.~~
~~Title II. Authority to requisition.~~
~~Title III. Expansion of productive capacity and supply.~~
~~Title IV. Control of credit and commodity speculation.~~
~~Title V. General provisions.~~

DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively, the requirements of military and other programs

in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense: *Provided*, That this authority shall not be used to ration at the retail level consumer goods for household or personal use.

SEC. 102. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

TITLE II—AUTHORITY TO REQUISITION

SEC. 201. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, and (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall be paid 50 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district

court of the United States within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed

by the guaranteeing agency to be related to efforts or undertakings on the part of the United States or an agency thereof which are designed to meet the necessities of the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations as

he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 302. To assist in carrying out the objectives of this Act, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises for the expansion of capacity, the development of technological processes or the production of essential materials. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

(b) Purchases and commitments to purchase and sales under subsection (a) may be made without regard to the limitations of existing law, for such quantities and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments,

agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

(b) Any corporation created under this section—

(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said Act.

(c) Any corporation established or utilized pursuant to

this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out its functions under this title: *Provided,* That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the

Second Liberty Bond Act, as amended, are extended to include any purchases of the obligations of any corporation hereunder.

TITLE IV—CONTROL OF CREDIT

SUBTITLE A—CONSUMER AND REAL ESTATE CREDIT

SEC. 401. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer and real-estate credit as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form, and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this subtitle or to prevent evasions thereof.

In prescribing and suspending such regulations, includ-

ing changes from time to time to take account of changing conditions, the President shall consider, among other factors, (1) the level and trend of consumer and real-estate credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

(b) No person shall extend or maintain any credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time or from time to time to such reasonable periodic, special, or other examina-

tions by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

(d) To assist in carrying out the purposes of this subtitle, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

~~(c) For the purposes of this subtitle, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, and accounting terms, insofar as any such definitions are not inconsistent with the provisions of this subtitle:~~

~~(1) "Consumer credit" means credit which the obligor undertakes to pay in two or more payments, or any other credit: *Provided*, That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any accessory insurance service connected with any such goods or interest therein.~~

~~(2) "Real estate credit" means credit secured, either wholly or partly, by real property (including leasehold and other interests therein); credit for the purpose of purchasing or carrying such property or constructing buildings or otherwise improving such property; and credit involving a right to acquire or use such property.~~

(3) "Credit" means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(4) "Person", in addition to the definition given it by section 502 (a) of this Act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the criminal penalties of this subtitle shall not be applicable to the United States, any State, or other governmental agency or instrumentality.

SEC. 402. To assist in carrying out the objectives of this Act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided,* That in the exercise of these powers, the President shall give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

SEC. 403. The first sentence of section 5A of the Federal Home Loan Bank Act, as added by section 1 of the Act of June 27, 1950 (Public Law 576, Eighty-first Congress), is amended to read as follows: "No member of a Federal home-loan bank shall make or purchase any loan

at any time when its cash and obligations of the United States are not equal to such amount as the Home Loan Bank Board shall by regulations prescribe: *Provided*, That such amount shall not be less than 4 per centum or more than 20 per centum of the obligation of the member or withdrawable accounts or, in the case of any member insurance company, such other base as the Board may determine to be comparable."; and the last sentence of said section 5A is amended to read as follows: "This section shall be effective upon the enactment of the 'Defense Production Act of 1950'."

SUBTITLE B—COMMODITY SPECULATION

SEC. 411. The Commodity Exchange Act, as amended (42 Stat. 998; 49 Stat. 1491; 52 Stat. 205; 54 Stat. 1059), is further amended by inserting at the end of section 4a the following:

"(5) (A) Whenever the President determines that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations or unwarranted changes in the price of any commodity, he may prescribe rules and regulations governing the margin to be required with respect to the purchase or sale of any such commodity for future delivery, or the maintenance of a position resulting from such purchase or sale,

on or subject to the rules of any board of trade, whether or not designated as a contract market under section 5 of this Act.

"(B) It shall be unlawful for any person to buy or sell, or accept orders for the purchase or sale of any such commodity for future delivery, subject to the rules of any board of trade, or maintain or carry a position resulting from such purchase or sale, unless margin funds or securities are deposited and maintained in compliance with the rules and regulations promulgated under this paragraph (5). No floor broker shall be deemed to have violated this paragraph (5) with respect to any transaction in connection with which he has acted solely in the capacity of floor broker.

"(C) All money, securities, or property deposited as margin shall be handled by the person receiving such margin in compliance with the requirements of section 4d (2), regardless of whether such person is a futures commission merchant as defined in this Act and, for the purpose of this provision, the term 'contract market', as used in section 4d (2), shall be deemed to mean board of trade.

"(D) It shall be unlawful for any person to engage in soliciting or accepting orders for the purchase or sale of any commodity for future delivery on any board of trade, whether or not such board of trade is designated as a contract market, unless such person shall keep a record in

writing showing the date, the parties to such contracts and their addresses, the commodity covered and its price, the terms of delivery, and the amount and kind of margin deposited. Such record shall be kept for a period of three years from the date of the transaction and shall at all times be open to the inspection of any representative of any agency of the United States designated for the purpose by the President.

"(E.) For the purposes of subparagraph (5) the term 'commodity' shall mean, in addition to those commodities specifically mentioned in section 2 (a) of this Act, any other agricultural or forest product or byproduct.

"(F) For the efficient execution of the provisions of this paragraph (5), the provisions of section 21 of the Securities Exchange Act of 1934 (48 Stat. 899), as amended, are made applicable to the jurisdiction, powers, and duties of the President in administering and enforcing the provisions of this paragraph (5) and to any person subject thereto.

"(G) Sections 4a and 4i of the Act are extended and made applicable to any commodity as defined in (E) above, and for the purposes of this subparagraph (5) the term 'contract market' as used in sections 4a and 4i shall be deemed to mean board of trade."

SEC. 412. Section 407 of the Agricultural Act of 1949

(Public Law 439, Eighty-first Congress) is hereby amended by adding the following sentence at the end thereof: "Notwithstanding any other provisions of this section, whenever the President so directs, sales of any commodity owned or controlled by the Commodity Credit Corporation may be made at the current support price for such commodity, when such support price is not below the market price, for the purpose of stabilizing the market, including the discouragement and prevention of undue speculation, fluctuation, and enhancement in price, and for the purpose of meeting unusual demand."

TITLE V—GENERAL PROVISIONS

SEC. 501. (a) It is the sense of the Congress that small business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) in the formation of any business advisory committees under this Act, consideration shall be given to providing fair representation for small, medium, and

large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions shall be provided for small business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provisions shall be made for the expeditious handling of all requests, applications, or appeals from small business enterprises.

SEC. 502. As used in this Act—

(a) The word "person" shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

SEC. 503. The President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Government and may authorize such redelegations by that officer or agency as the President may deem appropriate. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of

the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act.

SEC. 504. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of this Act.

SEC. 505. (a) The President shall be entitled, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration f this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority.

(b) No person shall be excused from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand

jury or in any court proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided*, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such per-

son under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction be fined not more than $10,000 or imprisoned for not more than one year, or both.

SEC. 506. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any

such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act.

SEC. 507. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to title II of this Act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title II of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions

for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 508. (a) No act or omission to act requested by the President, and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General not less than ten days before making any request or finding thereunder.

(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC 509. The functions exercised under this Act shall be excluded from the operation of the Administrative Pro-

cedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

SEC. 510. The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

SEC. 511. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

SEC. 512. This Act and all authority conferred hereunder shall terminate June 30, 1952, or until such earlier time as the Congress by concurrent resolution or the President may designate.

That this Act, divided into titles, may be cited as "The Defense Production Act of 1950".

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DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively, the requirements of military programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use, within the framework, as far as practicable, of the American system of competitive enterprise.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

SEC. 102. No person shall accumulate (1) in excess of the reasonable and normal demands of business or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices, materials which have been designated by the President as scarce materials or materials the supply of which would be threatened by such accumulation. The President shall order published in the Federal Register, and in such other manner as he may deem appropriate, every designation of materials the accumulation of which is unlawful and any withdrawal of such designation. This section shall not be construed to limit the authority contained in section 101 of this Act.

SEC. 103. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

TITLE II—AUTHORITY TO REQUISITION

SEC. 201. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such

as will not admit of delay or resort to any other source of supply, and (3) that all other means of obtaining the use of such property for the defense of the United States upon fair and reasonable terms have been exhausted, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall promptly determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall be paid promptly 75 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district court of the United States, within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just com-

pensation. Whenever the President determines that property acquired under this title and retained is no longer needed for the defense of the United States, he shall, if the original owner desires the property and pays the fair value thereof, return such property to the owner; but, in any event, property so acquired and retained shall, if the owner desires the property and pays the fair value thereof, be returned to the owner not later than June 30, 1952. In the event the President and the original owner do not agree as to the fair value of the property, the fair value shall be determined by three appraisers, one of whom shall be chosen by the President, one by the original owner, and the third by the first two appraisers; the expenses of such determination shall be paid in equal shares by the Government and the original owner.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement for the national defense as he may designate (hereinafter referred to as "guaranteeing agencies"), with-

out regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be necessary to expedite production and deliveries under Government contracts for the procurement of materials for the national defense.

(b) Any Federal Reserve bank, when designated by the Board of Governors of the Federal Reserve System at the request of the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or

under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section, shall be subject to the supervision of the Board of Governors of the Federal Reserve System, and to such regulations as it may prescribe; and the Board is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are

or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 302. To expedite production and deliveries under Government contracts for the procurement of materials for the national defense, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises for the expansion of capacity, the development of technological processes or the production of essential materials. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available.

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale; and (2) for the exploration, development, and mining of critical and strategic minerals and metals: Provided, however, That purchases for resale under this subsection shall not include agricultural commodities except insofar as such commodities may be purchased for resale for industrial uses or stockpiling.

(b) Purchases and commitments to purchase and sales under subsection (a) may be made without regard to the

limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined, any materials procured under this section.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize such existing departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new agencies (other than corporations).

(b) Any department, agency, official, or corporation utilized pursuant to this section is authorized, subject to the approval of the President, to borrow from the Treasury of the United States, such sums of money as may be necessary to carry out its functions under this title: Provided, That the total amount borrowed under the provisions of this section by

all such borrowers shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this subsection, the borrower may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at its option before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to June 30, 1952. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, which shall not be less than the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations. The Secretary of the Treasury is authorized and directed to purchase such obligations and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of obligations hereunder.

SEC. 305. The President is also authorized to transfer to the Secretary of Commerce, or to any agency created under section 304, the administration and supervision of the rubber program (Rubber Act of 1948 as amended), tin program (Public Law 125, 80th Congress, 1947 as

amended), and the abacá program (S. 3520, 81st Congress), now under the administration of the Reconstruction Finance Corporation, together with all functions, property, assets, funds, contracts, loans, liabilities, commitments, authorizations, allocations, personnel and records necessary in connection with such programs; but except as herein specifically provided this section shall not be construed to modify or repeal any of the Acts under which said programs are carried out.

TITLE IV

PRICE AND WAGE STABILIZATION

SEC. 401. It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: To prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, inter-

ferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of Congress that the authority conferred by this title shall be exercised in accordance with the policies set forth in section 2 of this Act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

SEC. 402. (a) In order to carry out the objectives of this title, the President may encourage and promote voluntary action by business, agriculture, labor and consumers. In proceeding under this subsection the President

may exercise the authority to approve voluntary programs and agreements conferred on him under sections 708 and 712, and may utilize the services of persons and agencies as provided in section 710.

(b) In order to carry out the objectives of this title the President may issue regulations and orders—

(1) establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or property which is of importance to the national defense or which significantly affects the cost of living, where an excessive and inflationary rise in the price of such material or property has occurred or threatens to occur: Provided, That no ceilings may be imposed under this subsection on retail sales for household or personal use; and

(2) stabilizing wages, salaries, and other compensation paid to or received by any person for any type of employment in the industry producing or handling any material or property upon which price ceilings have been established under paragraph (1) of this subsection; and regulations prohibiting increases in such wages, salaries, and other compensation, except when deemed necessary by the President

to prevent gross inequity or to effectuate the purposes of this Act, shall be issued whenever an increase in such wages, salaries, or other compensation (A) would require increases in price ceilings established under paragraph (1) of this subsection, or (B) would impose an undue burden on a seller operating under a price ceiling established under paragraph (1) of this subsection.

(c) Where the objectives of this title cannot be attained by action under subsections (a) and (b), the President may issue regulations and orders—

(1) establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material, service, or property; and

(2) stabilizing wages, salaries, and other compensation paid to or received by any person for any type of employment; and regulations prohibiting increases in wages, salaries, and other compensation, except when deemed necessary by the President to prevent gross inequity or to effectuate the purposes of this Act, shall be issued whenever an increase in wages, salaries, or other compensation (A) would require increases in price ceilings established under paragraph

(1) of this subsection, or (B) would impose an undue burden on a seller operating under a price ceiling established under paragraph (1) of this subsection.

Action under this subsection may be taken either with respect to individual materials, services and kinds of property, or with respect to materials, services and property generally, and in either event may include retail sales for household or personal use.

Wages, salaries, and other compensation shall be stabilized generally whenever ceilings on prices, including retail sales prices, have been established on materials, services, and property comprising a substantial part of all sales at retail and materially affecting the cost of living.

(d) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally

representative. The President shall also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this Act. In determining and adjusting ceilings on prices with respect to materials, services, and property, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material, service, or property, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or property or by persons performing the services, subsequent to June 24, 1950. In stabilizing wages, salaries, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such wages, salaries, or other compensation. Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order.

(e) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except as provided in this subsection.

(2) No wage, salary, or other compensation shall

be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor Management Relations Act, 1947, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

(3) No ceiling shall be established or maintained for any agricultural commodity below the higher of the two following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the average price received by producers on June 15, 1950, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials; and no ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the higher price therefor

specified above. Whenever a ceiling has been established under this title with respect to any fresh fruit or any fresh vegetable, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such fresh fruit or fresh vegetables. Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act.

(f) The authority conferred by this title shall not be exercised with respect to the following:

(i) Prices or rentals for real property;

(ii) Rates or fees charged for professional services;

(iii) Prices or rentals for materials furnished for publication by any press association or feature service, books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodi-

cal, or magazine, or operating a radio-broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities;

(iv) Rates charged by any person in the business of selling or underwriting insurance;

(v) Rates charged by any common carrier or other public utility.

(g) The President, in or by any regulation or order, may provide exemptions for any materials, services, or property, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials, services or property, or transactions, or that compensation for such types of employment be stabilized, in order to effectuate the purposes of this title: Provided, That this subsection shall not be applicable to any regulation required by section 402 (b) or 402 (c).

SEC. 403. At such time as the President determines that it is necessary to impose price and wage controls generally over a substantial portion of the national economy, he shall administer such controls, and rationing at the retail level of consumer goods for household and personal use under authority of Title I of this Act (when and to the extent that he exercises such authority), through a new inde-

pendent agency created for such purpose. Such agency may utilize the services, information, and facilities of other agencies and departments of the Government, but such agency shall not delegate enforcement of any of the controls to be administered by it under this section to any other agency or department.

SEC. 404. In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

SEC. 405 (a). It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material, service, or property, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing.

(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or

order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

SEC. 406. Nothing in this title shall be construed to require any person to sell any material, service, or property, or to perform personal services.

SEC. 407. (a) At any time within six months after the effective date of any regulation or order under this title, or, in the case of new grounds arising after the effective date of any such regulation or order, within six months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than thirty days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further

evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

(b) In the administration of this title the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of title VII of this Act.

(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: Provided, however, That, upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of

documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the President. The protestant shall be informed of the recomendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

SEC. 408. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emer-

gency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: Provided, That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should

be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by the President, any such evidence shall be presented directly to the court.

(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside in whole or in part, any such regulation or order shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified,

together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation, order, price schedule, or wage, salary, or other compensation schedule issued under this title. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title. The court may fix and establish a table of costs and fees to be approved by the Supreme Court of the United States, but the costs and fees so fixed shall not exceed with respect to any item the costs and fees charged in the Supreme Court of the United States. The court shall have a seal, hold session at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the

Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction, (1) to stay, restrain, or enjoin, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or (2) to restrain or enjoin the enforcement of any such provision; and no other court, Federal, State, or Territorial, shall have jurisdiction or power to do so. There is reserved to the courts of general or other competent jurisdiction, except in the case of protests under this section and under section 407, the authority to pass upon the applicability of such regulations and orders. Such courts of general or other competent jurisdiction may pass upon the validity of such regulations and orders in cases otherwise properly pending before them.

SEC. 409. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to the appropriate court for an

order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 405 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than one year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) If any person selling any material, service, or property violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material, service, or property for use or consumption other than in the course of trade or business may, within one year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater:

(1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus $10,000, or (2) an amount not less than $25 nor more than $50 as the court in its discretion may determine: Provided, however, That such amount shall be the amount of the overcharge or overcharges if the defendant proves that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material, service, or property violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such one-year period. If such action is instituted by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of com-

petent jurisdiction. A judgment in an action for damages under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered. The President may not institute any action under this subsection on behalf of the United States—

(1) if the violation arose because the person selling the material, service, or property acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

(2) if the violation arose out of the sale of any material, service, or property to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

TITLE V

SETTLEMENT OF LABOR DISPUTES

SEC. 501. It is the intent of Congress, in order to provide for effective price and wage stabilization pursuant to title IV of this Act and to maintain uninterrupted production, that there be effective procedures for the settlement of labor disputes affecting national defense.

SEC. 502. The national policy shall be to place primary

reliance upon the parties to any labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement in the national interest. The President is authorized, after consultation with labor and management, to establish such principles and procedures and to take such action as he deems appropriate for the settlement of labor disputes affecting national defense, including the designation of such persons, boards or commissions as he may deem appropriate to carry out the provisions of this title.

SEC. 503. In any action which may be taken pursuant to authority provided for in this title, due regard shall be given to terms and conditions of employment established by prevailing collective bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this Act. Any such action shall be consistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, and with other applicable laws.

TITLE VI—CONTROL OF CONSUMER AND REAL ESTATE CREDIT

SEC. 601. To assist in carrying out the objectives of this Act, the Board of Governors of the Federal Reserve System (hereinafter in this title referred to as the Board) is au-

thorized, notwithstanding the provisions of Public Law 386, Eightieth Congress (61 Stat. 921), to exercise consumer credit controls in accordance with and to carry out the provisions of Executive Order Numbered 8843 (August 9, 1941).

SEC. 602. (a) To assist in carrying out the purposes of this Act, the Board is authorized from time to time to prescribe regulations with respect to such kind or kinds of real-estate construction credit as, in its judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form, and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the Board are reasonably necessary in order to effectuate the purposes of this section or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing

conditions, the Board shall consider, among other factors, (1) the level and trend of real-estate construction credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, (3) the need in the national economy for the maintenance of sound credit conditions, and (4) the needs for increased defense production.

(b) No person shall extend or maintain any credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the Board pursuant to this section. Any person who extends or maintains any credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the Board may by regulation require as necessary or appropriate in order to effectuate the purposes of this section; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time or from time to time to such reasonable periodic, special, or other examinations by examiners or other

representatives of the Board as it may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) To assist in carrying out the purposes of this section, the Board by regulation may require transactions or persons or classes thereof subject to this section to be registered; and, after notice and opportunity for hearing, the Board by order may suspend any such registration for violation of this section or any regulation prescribed by the Board pursuant to this section. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the Board in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this section, the Board may act through and may utilize the services of the Federal Reserve banks and any other agencies, Federal or State, which are available and appropriate.

(d) For the purposes of this section, unless the context otherwise requires, the following terms shall have the following meanings, but the Board may in its regulations further define such terms and, in addition, may define technical, trade, accounting and other terms, insofar as any such definitions are not inconsistent with the provisions of this section:

(1) "Real estate construction credit" means any credit, hereafter extended, which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, new construction on real property or real property on which there is new construction. As used in this paragraph the term "new construction" means any structure, or any major addition or major improvement to a structure, which has not been begun before 12 o'clock meridian, August 3, 1950. As used in this paragraph the term "real property" includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term "real estate construction credit" shall not include any loan or loans made, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended.

(2) "Credit" means any loan, mortgage, deed of trust, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract

for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

SEC. 603. Any person who willfully violates any provision of section 601 or 602 or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

SEC. 604. All the present provisions of sections 21 and 27 of the Securities Exchange Act of 1934, as amended (relating to investigations, injunctions, jurisdictions, and other matters), shall be as fully applicable with respect to the exercise by the Board of credit controls under sections 601 and 602 as they are now applicable with respect to the exercise by the Securities and Exchange Commission of its functions under that Act, and the Board shall have the same

powers in the exercise of such credit controls as the Commission now has under the said sections 21 and 27.

SEC. 605. To assist in carrying out the objectives of this Act with respect to loans on real estate made, insured, or guaranteed by any agency of the Government, the President may, after consultation with the Board of Governors of the Federal Reserve System, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States Government, or by any wholly owned Government corporation or by any mixed ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: Provided, That in the exercise of these powers, the President shall give consideration to the preservation of such relative credit pref-

erences as are accorded to veterans of World War II under existing law.

TITLE VII—GENERAL PROVISIONS

SEC. 701. (a) It is the sense of the Congress that small business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this Act, and in their formation there shall be fair representation for independent small, for medium, and for large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions

shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

SEC. 702. As used in this Act—

(a) The word "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: Provided, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

(c) The word "facilities" shall not include farms, churches or other places of worship, or private dwelling houses.

(d) The term "national defense" means the operations and activities of the armed forces, the Atomic Energy Com-

mission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.

(e) The words "wages, salaries, and other compensation" shall include all forms of remuneration to employees by their employers for personal services, including, but without limitation, vacation and holiday payments, night shift and other bonuses, incentive payments, year-end bonuses, employer contributions to or payments of insurance or welfare benefits, employer contributions to a pension fund or annuity, payments in kind, and premium overtime payments.

SEC. 703. (a) Except as otherwise specifically provided, the President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Government, including any new agency or agencies (and the President is hereby authorized to create such new agencies, other than corporate agencies, as he deems necessary), and he may authorize such redelegations by that officer or agency as the President may deem appropriate. The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, at rates comparable to the compensation paid to the heads

and assistant heads of independent agencies of the Government. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act. Attorneys appointed under this section may appear for and represent the agency in any case in any court.

(b) The head of any independent agency created to administer the authority conferred by title IV of this Act shall be appointed by the President, by and with the advice and consent of the Senate.

SEC. 704. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper to effectuate the purposes of this Act, or to prevent circumvention or evasion, or to facilitate enforcement of this Act, or any rule, regulation, or order issued under this Act.

SEC. 705. (a) The President shall be entitled while this Act is in effect and for a period of two years thereafter, by regulation, subpena, or otherwise, to obtain such in-

formation from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority. In case of contumacy by, or refusal to obey a subpena served upon, any person referred to in this subsection, the district court for any district in which such person is found or resides or transacts business, upon application by the President, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this Act on the

ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: Provided, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information con-

tained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Any person who willfully performs any act prohibited or willfully fails to perform any act required by the above provisions of this section, or any rule, regulation, or order thereunder, shall upon conviction be fined not more than $1,000 or imprisoned for not more than one year or both.

(e) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000, or imprisoned for not more than one year, or both.

SEC. 706. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or sub-

pena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act.

SEC. 707. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to this Act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which

priority is assigned or for which materials or facilities are allocated under title I of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 708. (a) No act or omission to act requested by the President pursuant to this Act, and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General and the chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder.

(c) Upon withdrawal of any request or finding made

hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 709. The functions exercised under this Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof. Any rule, regulation, or order, or amendment thereto, issued under authority of this Act shall be accompanied by a statement that in the formulation thereof there has been consultation with industry representatives, including trade association representatives, and that consideration has been given to their recommendations, or that special circumstances have rendered such consultation impracticable or contrary to the interest of the national defense, but no such rule, regulation, or order shall be invalid by reason of any subsequent finding by judicial or other authority that such a statement is inaccurate.

SEC. 710. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

(b) The President is further authorized, to the extent

he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 and section 190 of the Revised Statutes (5 U. S. C. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

(c) The President is authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act to employ experts and consultants or organizations thereof, as authorized by section 55a of title 5 of the United States Code. Individuals so employed may be compensated at rates not in excess of $50 per diem and while away from their homes or regular places of business they may be allowed transportation and not to exceed $15 per diem in lieu of subsistence and other expenses while so employed. The President is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 and section 190 of the Revised Statutes (5 U. S. C. 99).

(d) The President may utilize the services of Federal,

State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed; and he is authorized to provide by regulation for the exemption of persons whose services are utilized under this subsection from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

SEC. 711. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

SEC. 712. (a) In order to carry out the purposes declared in section 2 of this Act, the President is authorized to consult with representatives of industry, business, banking, insurance, and agriculture with a view to encouraging the making, by persons engaged in industry, business,

financing, and agriculture, of voluntary agreements approved by the President—

(1) providing for allocation of transportation facilities and equipment;

(2) providing for priority, allocation and inventory control of scarce materials necessary for the national defense;

(3) providing for restrictions upon the extension by banks and financing institutions of credit that would contribute to inflation; or

(4) providing for regulation of speculative trading on commodity exchanges.

(b) The President is authorized to approve any such agreement which he finds will carry out any of the purposes declared in section 2 of this Act, except that he shall not approve any agreement unless such agreement specifically provides that it shall cease to be effective on or before June 30, 1952, and he shall not approve any agreement which provides for the fixing of prices.

(c) Whenever a governmental officer or agency determines that a plan of voluntary action with respect to any material or facility or the extension of credit is practicable and is appropriate to the successful carrying out of the policies set forth in this Act, that agency or official may re-

quest in writing compliance by one or more persons with such plan of voluntary action as may be approved by the Attorney General. Any act or omission by such person or persons in compliance with a written request made pursuant to this section and with a voluntary plan promulgated thereunder shall not be the basis at any time for any prosecution or civil action or any proceeding under the antitrust laws of the United States or the Federal Trade Commission Act.

(d) Such written request may, in the discretion of the governmental officer or agency which made the request, be withdrawn at any time by said governmental officer or agency, by written notice from said governmental officer or agency, of such withdrawal to the Attorney General, and after publication of notice of such withdrawal in the Federal Register as provided in subsection (e), the provisions of this section shall not apply to any subsequent act or omission by reason of such request or voluntary plan.

(e) The Attorney General shall transmit to the President of the Senate and to the Speaker of the House of Representatives, and shall order published in the Federal Register, every such request, and any withdrawal thereof, and any plan, program, or other arrangements promulgated under, or which is the basis of, any such request.

(f) This section shall not be construed to limit in any

way the authority or the exemptions conferred by section 708 of this Act.

SEC. 713. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Defense Production (hereinafter referred to as the committee), to be composed of ten members as follows:

(1) Five members who are members of the Committee on Banking and Currency of the Senate, three from the majority and two from the minority party, to be appointed by the chairman of the committee; and

(2) Five members who are members of the Committee on Banking and Currency of the House of Representatives, three from the majority and two from the minority party, to be appointed by the chairman of the committee.

A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman from among its members.

(b) It shall be the function of the committee to make a continuous study of the programs authorized by this Act, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the standing committees of the Congress having legislative jurisdiction over any part of the pro-

grams authorized by this Act; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. Any department, official, or agency administering any of such programs shall, at the request of the committee, consult with the committee, from time to time, with respect to their activities under this Act.

(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this subsection.

(d) The committee is authorized to appoint and, without regard to the Classification Act of 1949, as amended, fix the compensation of such experts, consultants, technicians, and

organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

(e) The expenses of the committee under this section, which shall not exceed $50,000 in any fiscal year, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman. Disbursements to pay such expenses shall be made by the Secretary of the Senate out of the contingent fund of the Senate, such contingent fund to be reimbursed from the contingent fund of the House of Representatives in the amount of one-half of disbursements so made.

SEC. 714. The provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

SEC. 715. Except as may be otherwise expressly provided in this Act, all powers and authorities conferred by this Act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this Act, or the application thereof to any person or circumstances, shall be adjudged by any

court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act or its application to other persons and circumstances, but shall be confined in its operation to the provisions of this Act, or the application thereof to the persons and circumstances directly involved in the controversy in which such judgment shall have been rendered.

SEC. 716. This Act and all authority conferred hereunder shall terminate June 30, 1952, or at such earlier time as the Congress by concurrent resolution or the President may designate; except that any agency created under this Act may be continued in existence for purposes of liquidation for not to exceed 60 days after such termination.

Amend the title so as to read: "A bill to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, provide for price and wage stabilization, provide for the settlement of labor disputes, strengthen controls over credit, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes."

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

[Report No. 2250]

A BILL

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

By Mr. MAYBANK

JULY 19 (legislative day, JULY 1), 1950
Read twice and referred to the Committee on Banking and Currency

AUGUST 7, 1950
Reported with amendments

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 8 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. MAYBANK to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 45, lines 2 and 3, strike out "fresh fruit or any fresh vegetable" and insert in lieu thereof "agricultural commodity".

On page 45, lines 9 and 10, strike out "fresh fruit or fresh vegetables" and insert in lieu thereof "agricultural commodity".

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENTS

Intended to be proposed by Mr. MAYBANK to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 8 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 8 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MAYBANK to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 44, line 17, strike out "average price received by producers on June 15, 1950" and insert in lieu thereof "price received by producers during the period from May 24, 1950, to June 24, 1950, inclusive".

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. MAYBANK to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 8 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

of the Federal Reserve System for the unexpired term of 14 years from February 1, 1938.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The legislative clerk proceeded to read sundry nominations in the Public Health Service.

The VICE PRESIDENT. Without objection, the nominations in the Public Health Service are confirmed en bloc.

That concludes the executive calendar.

LEGISLATIVE SESSION

The VICE PRESIDENT. Without objection, the Senate will resume the consideration of legislative business.

MEETING OF SENATE IN OLD SUPREME COURT ROOM

Mr. LUCAS. Mr. President, I submit a resolution and ask unanimous consent for its present consideration.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The resolution (S. Res. 326) was read, as follows:

Resolved, That when the Senate recesses or adjourns on Friday, August 11, 1950, it be until Monday, August 14, 1950, and that on said day, and until otherwise ordered, it meet in the old Supreme Court room in the Capitol.

Resolved, That all rules relating to the Senate Chamber shall be applicable to the old Supreme Court room.

Resolved, That the Secretary communicate these resolutions to the President of the United States and to the House of Representatives.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. WHERRY. Mr. President, there was some confusion in the Chamber when the resolution was read, but I understand that the resolution provides that the Senate shall meet in the old Senate Chamber beginning on August 14, and thereafter.

Mr. LUCAS. That is correct.

Mr. WHERRY. Very well.

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was agreed to.

DEFENSE PRODUCTION ACT OF 1950

Mr. LUCAS. Mr. President, I move that the Senate proceed to the consideration of Senate bill 3936.

The VICE PRESIDENT. The bill will be read by title, for the information of the Senate.

The CHIEF CLERK. A bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Illinois that the Senate proceed to the consideration of the bill.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3936) which had been reported from the Committee on Banking and Currency with amendments.

Mr. LUCAS. Mr. President, it is too late in the day for us to proceed further with the consideration of the bill. However it is my hope, and I know it is also the hope of the Senator from South Carolina [Mr. MAYBANK], the distinguished chairman of the committee, that we can conclude action on the bill not later than Wednesday of next week.

A number of Senators have interrogated me with respect to the amount of time which will be consumed on consideration of the bill. Obviously I cannot tell. Certainly, however, I hope we do not take as long on this bill as we did on the appropriations bill.

That is all I desire to say at this moment.

Mr. MAYBANK. Mr. President, will the Senator from Illinois yield?

Mr. LUCAS. I yield.

Mr. MAYBANK. I send to the desk two amendments to the bill, which I ask to have printed and lie on the table.

The amendments submitted by Mr. MAYBANK were ordered to lie on the table and to be printed.

Mr. MAYBANK. Mr. President, will the Senator yield further?

Mr. LUCAS. I yield.

Mr. MAYBANK. I wish to say that I am hopeful, as is the distinguished majority leader, that we may conclude action on this measure next week.

Tomorrow the committee will be ready to proceed with the bill. I hope all Senators will give due consideration to the report on the bill. It was a rather hard job to finish the report by the time the committee finished its consideration of the bill, because there is so much legislative history pertaining to the bill. The report will be on the desks of Senators in the morning, and I hope all Senators will read it and will concur in the findings of the committee, to the end that we may promptly pass this measure, the early enactment of which is so necessary in connection with the present Korean situation and various conditions existing in the United States.

STATEHOOD FOR HAWAII AND ALASKA

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. BUTLER. I had intended to make a statement at this time, but I ask unanimous consent to have it printed at this point in the RECORD, instead.

The VICE PRESIDENT. Is there objection?

There being no objection, Mr. BUTLER's statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BUTLER

Yesterday, when the bills relating to statehood for Hawaii and Alaska were reached on the calendar call, the distinguished majority leader, the Senator from Illinois [Mr. LUCAS], and others took occasion to emphasize that in their judgment these bills should be brought up and passed. However, the Senator from Illinois mentioned that he did not want to have the statehood bills, if they should be brought up, displaced by the Mundt-Ferguson bill or other bills. The Senator said: "I should like to see either measure debated in the Senate upon its merits, without an attempt being made in the way of subterfuge of any kind whatsoever, without attempting to displace one of the bills with some other measure."

I would like to say that I have never made any objection to having these bills brought up at the proper time, provided, of course, that ample opportunity is permitted for full debate on their merits. I certainly do not believe that either bill should be passed without the most thorough discussion possible on the floor of the Senate.

However, let me say further that I simply cannot understand why the Senator from Illinois considers the popular demand that Congress take action on the Mundt-Ferguson bill as a subterfuge. Certainly a great majority of the people of this country considers action on the Mundt-Ferguson bill by this Congress to be extremely important. I suspect that very few members of the Senate agree with the Senator from Illinois that consideration of the statehood bills should be given priority over the Mundt-Ferguson bill. Judging from the tone of the President's message of yesterday, I am inclined to believe that even the leader of the Senator's own party considers that action against the Communist conspiracy within the United States is of the greatest importance.

One other point is worth mentioning. The Senator from Illinois [Mr. LUCAS] and other Senators laid some emphasis on the supposed military advantages of granting statehood to these two Territories at this time. I do not believe he will find that this supposed military advantage is very strongly supported by our military authorities. As I pointed out in my minority views on the Alaska bill, no military authority has at any time held that Alaska statehood is necessary for defense. Rear Admiral Ralph Wood, retired, who as Commandant of the Seventeenth Naval District was responsible for the naval defense of Hawaii during the war, stated flatly, and I quote: "In my opinion, it makes no difference whether Alaska is a State or a Territory as far as national defense is concerned."

Later on he said: "Were Alaska to become a State tomorrow, it would not alter, I am sure, the general over-all consideration of our defense problems.

"Be advised that I am not debating the merits of statehood. I am simply pointing out that the question of the national defense is not germane to the issue."

With respect to Hawaii, it certainly seems strange to talk about statehood being an asset to our national defense, at the very time when some of the union locals controlled by Harry Bridges are calling strikes and slowdowns, and in every other way doing anything they can to hamper the war effort.

I hope that when this question of statehood is brought up for consideration, if it is, that the discussion will not be clouded and confused by talk about any theoretical gain to our national defense. As a practical matter, the national defense is much more likely to be endangered and hampered by hasty action at this time. I hope consideration of these two bills will be confined to the real merits of their cases for statehood.

RECESS

Mr. LUCAS. Mr. President, I move that the Senate now stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 36 minutes p. m.) the Senate took a recess until tomorrow, Thursday, August 10, 1950, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate August 9 (legislative day of July 20), 1950:

TERRITORY OF GUAM

Carlton Skinner, of Connecticut, to be Governor of Guam.

RECONSTRUCTION FINANCE CORPORATION

The following-named persons to be members of the Board of Directors of the Reconstruction Finance Corporation for terms of 1 year from July 1, 1950:

Walter Lee Dunham, of Michigan.

C. Edward Rowe, of Massachusetts.

The following-named persons to be members of the Board of Directors of the Reconstruction Finance Corporation for terms of 2 years from July 1, 1950:

Walter E. Cosgriff, of Utah.

W. Elmer Harber, of Oklahoma.

William E. Willett, of Maryland, to be member of the Board of Directors of the Reconstruction Finance Corporation for a term of 3 years from July 1, 1950.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 9 (legislative day of July 20), 1950:

FEDERAL RESERVE SYSTEM

Oliver S. Powell, of Minnesota, to be a member of the Board of Governors of the Federal Reserve System for the unexpired term of 14 years from February 1, 1938.

PUBLIC HEALTH SERVICE

APPOINTMENT AND PROMOTION IN THE REGULAR CORPS

To be senior assistant scientists (equivalent to the Army rank of captain), effective date of acceptance

Norman S. Radin
William R. Carroll

To be senior assistant nurse officers (equivalent to the Army rank of captain), effective date of acceptance

Irma F. Monlux
Apollonia F. Olson
Frances E. Shelley

To be sanitary engineer directors (equivalent to the Army rank of colonel)

Judson L. Robertson, Jr.
Clarence C. Ruchhoft

To be senior sanitary engineer (equivalent to the Army rank of lieutenant colonel)

Glen J. Hopkins

To be dietitian (equivalent to the Army rank of major)

Clara B. Tavis

REJECTIONS

Executive nominations rejected by the Senate August 9 (legislative day of July 20), 1950:

MOTOR CARRIER CLAIMS COMMISSION

Frank E. Hook, of Michigan, to be a member of the Motor Carrier Claims Commission.

FEDERAL TRADE COMMISSION

Martin A. Hutchinson, of Virginia, to be a Federal Trade Commissioner for the unexpired term of 7 years from September 26, 1946.

UNITED STATES MARSHALS

Hon. M. Neil Andrews to be United States marshal for the northern district of Georgia.

Hon. Carroll O. Switzer to be United States marshal for the southern district of Iowa.

On this vote:

Mr. Joseph L. Pfeifer for, with Mr. Kearns against.

Mr. Denton for, with Mr. Smith of Ohio against.

Mr. Kennedy for, with Mr. Gillette against.

Mr. Kelley of Pennsylvania for, with Mr. Jennings against.

Mr. Morrison for, with Mrs. St. George against.

Mr. Murphy for, with Mr. Eaton against.

Mr. Magee for, with Mr. Gwinn against.

Mr. Gregory for, with Mr. Lichtenwalter against.

Mr. Burke for, with Mr. Latham against.

Mr. Sadowski for, with Mr. Brehm against.

Mr. Sabath for, with Mr. Macy against.

Mr. Dingell for, with Mr. Hugh D. Scott, Jr., against.

Mr. Powell for, with Mr. Mason against.

Mr. O'Brien of Michigan for, with Mr. McMillen of Illinois against.

Additional general pairs:

Mr. Williams with Mr. Smith of Kansas.

Mr. Winstead with Mr. Johnson.

Mr. Sutton with Mr. Jennings.

Mr. Davies of New York with Mr. Chiperfield.

Mr. Davis of Tennessee with Mr. Keefe.

Mr. Regan with Mr. Barrett of Wyoming.

Mr. Wood with Mr. Hinshaw.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. CROSSER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

EXAMINATION OF INDUSTRIAL PREPAREDNESS TO MEET PRESENT EMERGENCY

Mr. CROSSER. Mr. Speaker, I wish to announce my appointment today of a subcommittee of the House Committee on Interstate and Foreign Commerce, which will conduct a continuous examination of the preparedness of the industries under the committee's jurisdiction to meet the needs of the present emergency.

The Committee on Interstate and Foreign Commerce is keenly aware of its duties and responsibilities, under the Legislative Recrganization Act of 1946, to maintain constant watchfulness and oversight in the area of its legislative jurisdiction. Recognizing such responsibility, we have conducted many hearings and issued a number of reports on the defense phases of transportation, petroleum, and energy resources, and availabilities of materials, especially of steel, to meet the essential requirements of the industries which legislatively come under our jurisdiction.

The creation of this subcommittee specifically to handle the defense aspects of the committee's broad jurisdiction, is only further recognition of the increased gravity and importance of this subject.

The Interstate and Foreign Commerce Committee is deeply mindful of the fact that such industries as rail, water, air, pipeline, and automotive transportation; telegraph, telephone, and radio communication; electric power, petroleum, and natural gas, are the very sinews of the Nation's economy and defense effort.

The committee equally is mindful of the fact—which may not generally be so well appreciated—that these very industries normally consume some one-half of annual steel production, two-thirds to three-fourths of petroleum production, two-fifths of soft-coal output, and up to four-fifths of total rubber consumption, to indicate only a few of the basic materials.

In designating this special subcommittee, I have in mind that it will consider not only the ability of the industries under our jurisdiction to fulfill whatever they may be called upon to furnish, but also the problems which they face in being supplied with the critical materials and manpower necessary for them adequately to perform.

Just as in 1941 and 1942, this committee, through a subcommittee under the chairmanship of Judge William P. Cole, made timely and helpful reports to the President and to the Nation on the rubber and gasoline situation, so today, I assume, one of the first items on our agenda will be thorough consideration of our capacity to meet increased competitive demands occasioned by new high-octane aviation gasoline, synthetic rubber, and chemical needs.

Another item of immediate concern is the allocation of steel for such fields as freight-car building, petroleum exploration, interstate oil and gasolines. A further item is the state of our medical care, facilities, and research to cope with emergencies, epidemics or bacterial warfare."

Members of the special subcommittee are: Messrs. CROSSER, chairman, BECKWORTH, PRIEST, HARRIS, DWIGHT ROGERS, WOLVERTON, HINSHAW, LEONARD HALL, and JOSEPH O'HARA.

DEFENSE PRODUCTION ACT OF 1950

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning therof, provide financial assistance for expansion of productive capacity for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 9176, with Mr. SMITH of Virginia in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Friday last, August 4, 1950, there was pending the amendment offered by the gentleman from Virginia [Mr. STANLEY] to the amendment offered by the gentleman from California [Mr. MCKINNON].

Without objection, the Clerk will report the Stanley amendment.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. STANLEY to the McKinnon amendment: On page 3, line 16, of the McKinnon amendment, after the word "differentials", strike out the semicolon and insert: "or (3) if for the year 1950 a producer normally does not market a commodity during the period May 24 to June 24, 1950, the highest price received by producers during the first 30-day period following May 24, 1950, in which such commodity is normally marketed."

Mr. WOLCOTT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. Mr. Chairman, I address myself as much to the gentleman from Kentucky as I do to the Chair—to ask whether the so-called Stanley amendment is or is not included in one of the committee amendments, which is to be offered.

Mr. SPENCE. It is included in one of the committee amendments which we intend to offer.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. STANLEY] to the McKinnon amendment.

The question was taken; and on a division (demanded by Mr. SPENCE) there were—ayes 68, noes 50.

So the amendment was agreed to.

Mr. MCKINNON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise at this time to ask that we immediately consider the amendment which I offered the other day and vote on it now. I would like to say in that connection that our committee spent some 6 hours yesterday in perfecting a wage and price control amendment on a bipartisan approach. It is heartening to see members of both parties working so cooperatively on a law which so vitally affects our entire economy. While the provisions of this committee action do not include all of the provisions I offered the other day and while I have several reservations as to the effectiveness of the committee amendment, the committee amendment is a move in the right direction, and I offer no objection to it.

In view of the urgency of getting this over-all mobilization bill reported out and in operation, I would like to see the membership go ahead and vote on my amendment and, if rejected, proceed to the consideration of the committee amendment, which is to be offered.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. MCKINNON].

Mr. WOLCOTT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. Will the defeat of the McKinnon amendment defeat the Stanley amendment?

The CHAIRMAN. Yes.

The question is on the amendment offered by the gentleman from California [Mr. McKINNON].

The amendment was rejected.

Mr. SPENCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SPENCE: On page 30, after line 5, insert a new title as follows:

"TITLE II

"PRICE AND WAGE STABILIZATION

"SEC. 201. It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: To prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of Congress that the authority conferred by this title shall be exercised in accordance with the policies set forth in section 2 of this act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

"SEC. 202. (a) In order to carry out the objectives of this title, the President may encourage and promote voluntary action by business, agriculture, labor and consumers. In proceeding under this subsection the President may exercise the authority to approve voluntary programs and agreements conferred on him under sections 708 and 712, and may utilize the services of persons and agencies as provided in section 710.

"(b) In order to carry out the objectives of this title the President may issue regulations and orders—

"(1) establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service which is of importance to the national defense or which significantly affects the cost of living, where an excessive and inflationary rise in the price of such material or service has occurred or threatens to occur; and

"(2) stabilizing wages, salaries, and other compensation paid to or received by any person for any type of employment in the industry producing or handling any material or providing any service upon which price ceilings have been established under paragraph (1) of this subsection; and regulations prohibiting increases in such wages, salaries, and other compensation, except when deemed necessary by the President to prevent gross inequity or to effectuate the purposes of this act, shall be issued whenever an increase in such wages, salaries, or other compensation (A) would require increases in price ceilings established under paragraph (1) of this subsection, or (B) would impose an undue burden on a seller operating under a price ceiling established under paragraph (1) of this subsection.

"(c) Where the objectives of this title cannot be attained by action under subsections (a) and (b), the President may issue regulations and orders—

"(1) establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service; and

"(2) stabilizing wages, salaries, and other compensation paid to or received by any person for any type of employment; and regulations prohibiting increases in wages, salaries, and other compensation, except when deemed necessary by the President to prevent gross inequity or to effectuate the purposes of this act, shall be issued whenever an increase in wages, salaries, or other compensation (A) would require increases in price ceilings established under paragraph (1) of this subsection, or (B) would impose an undue burden on a seller operating under a price ceiling established under paragraph (1) of this subsection.

"Action under this subsection may be taken either with respect to individual materials and services, or with respect to materials and services generally.

"Wages, salaries, and other compensation shall be stabilized generally whenever ceilings on prices, including retail sales prices, have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living.

"(d) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. The President shall also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this act. From time to time the President shall adjust ceilings, and in determining and adjusting ceilings on prices with respect to materials and services, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or service, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or by persons performing the service, subsequent to June 24, 1950: *Provided*, That no regulation or order shall contain any provision requiring the determination of costs otherwise than in accordance with established accounting methods. In stabilizing and adjusting wages, salaries, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such wages, salaries, or other compensation. Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order.

"(e) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except as provided in this subsection.

"(2) No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Acts of 1938, as amended, or the Labor Management Relations Act, 1947, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

"(3) No ceiling shall be established or maintained for any agricultural commodity below the higher of the following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the highest price received by producers during the period from May 24, 1950, to June 24, 1950, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (iii) if for the year 1950 a producer normally does not market a commodity during the period from May 24, 1950, to June 24, 1950, the highest price received by such producer during the first 30-day period following May 24, 1950, in which such commodity is normally marketed; and no ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the higher price therefor specified in this subsection: *Provided*, That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing. Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural commodity. Nothing contained in this act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such act. Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher: *Provided, how-*

ever, That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas.

"(f) The authority conferred by this title shall not be exercised with respect to the following:

"(i) Rentals for real property;

"(ii) Rates or fees charged for professional services;

"(iii) Prices or rentals for materials furnished for publication by any press association or feature service, books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities;

"(iv) Rates charged by any person in the business of selling or underwriting insurance;

"(v) Rates charged by any common carrier or other public utility;

"(vi) Margin requirements on any commodity exchange.

"(g) The President, in or by any regulation or order, may provide exemptions for any materials or services, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials or services, or transactions therein, or that compensation for such types of employment be stabilized, in order to effectuate the purposes of this title.

"SEC. 203. The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, or requirement under this title.

"SEC. 204. In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

"SEC. 205. (a) It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing.

"(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

"SEC. 206. Nothing in this title shall be construed to require any person to sell any material or service, or to perform personal services.

"SEC. 207. (a) At any time within 6 months after the effective date of any regulation or order under this title, or, in the case of new grounds arising after the effective date of any such regulation or order, within 6 months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than 30 days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

"(b) In the administration of this title the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of title VII of this act.

"(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: *Provided, however,* That upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

"(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

"SEC. 208. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within 30 days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided,* That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest of such evidence and shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by the President, any such evidence shall be presented directly to the court.

"(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of 30 days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such 30 days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

"(c) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation, order, price schedule, or wage, salary, or other compensation schedule issued under this title. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title.

"(d) Within 30 days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and ex-

pedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under this title, and of any provision of any such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

"SEC. 209. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 205 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

"(b) Any person who willfully violates any provision of section 205 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than 1 year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

"(c) If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material or service for use or consumption other than in the course of trade or business may, within 1 year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus $10,000, or (2) an amount not less than $25 nor more than $50 as the court in its discretion may determine: *Provided, however,* That such amount shall be the amount of the overcharge, or overcharges, if the defendant proves that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within 30 days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such 1-year period. If such action is instituted by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered. The President may not institute any action under this subsection on behalf of the United States—

"(1) if the violation arose because the person selling the material or service acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

"(2) if the violation arose out of the sale of any material or service to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

"SEC. 210. As used in this title—

"(a) The word 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided,* That no punishment provided by this act shall apply to the United States, or to any such government, political subdivision, or government agency.

"(b) The word 'materials' shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

"(c) The word 'facilities' shall not include farms, churches or other places of worship, or private dwelling houses.

"(d) The term 'national defense' means the operations and activities of the Armed Forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.

"(e) The words 'wages, salaries, and other compensation' shall include all forms of remuneration to employees by their employers for personal services, including, but without limitation, vacation and holding payments, night shift and other bonuses, incentive payments, year-end bonuses, employer contributions to or payments of insurance or welfare benefits, employer contributions to a pension fund or annuity, payments in kind, and premium overtime payments."

Mr. SPENCE. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, this is a bipartisan amendment. It is a committee amendment. It was voted out of committee by a vote of 21 to 1, 1 member voting "present." I think it is a happy solution of the problems that have been presented to us.

It provides first for voluntary controls of wages and prices. I think, when we are meeting conditions that now present themselves, that the patriotic spirit of the American people will go a long way to make and carry out voluntary agreement with reference to prices and wages. I think it is the logical way to proceed.

First, let the President see what he can do by voluntary agreements. I think he might accomplish much by that.

If that does not succeed, he can impose selective controls—selective controls on prices and on wages in the industry affected. If a price ceiling is placed on a commodity and threatened wage increases would interfere with the production of the commodity under the ceiling, ceilings may then be put on the wages to tie in prices and wages, in order that production may continue. In the event that both of those methods fail, then the President at his option, can exercise over-all controls.

It seems to me that this program is both logical and effective. We certainly need expedition in the passage of this bill. The greatest purchaser of commodities in the world is our Government. I remember how Secretary Stimson, when he was Secretary of War during the last war, appeared before our committee and urged that we see that prices did not rise and that there was not that vicious spiral of prices and wages chasing one another, which could only bring disaster to our country. It is absolutely essential that this bill go into effect to meet a condition that is steadily growing worse. You do not have to read the Bureau of Labor statistics. In your everyday life you know what is happening. You know that everything is rising in price all the time. You go into a restaurant, and you will find that the prices of meals are increasing. We must meet that condition. It is not only destructive to the welfare of the citizens, but it is destructive to the economy of the Nation.

I think that this bill admirably meets those conditions. I think it will be wisely administered by the President. We must place this discretion somewhere, and we have placed it in the Chief Executive of our Nation, who heads a coordinate branch of the Government and who is responsible to the people, as we are.

I am not going into the details of this intricate amendment. We have adopted much of the language that appeared in the Price Control Act during the last war. We have established an instrumentality that cannot only meet the conditions that exist now but is adapted to meet other conditions as they may arise. Nobody knows what those conditions will be.

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. SPENCE] has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield for a question?

Mr. SPENCE. I yield.

Mr. AUGUST H. ANDRESEN. I am in general agreement with the amendment. I wanted to ask the gentleman one question about selective price control and rationing. The thought occurs to me, for instance, in the case of meats, beef, pork, and lamb, that if controls were put on these items but not on poultry and poultry products there would be a reduction in the price or a switch in the type of consumption to those commodities that were not under control. It occurs to me that when you are going to impose a control on one line of foods you should control all others that could be used as substitutes.

Mr. SPENCE. I think the President in his discretion would not use the powers that were granted to him in a way that would give one producer an advantage over another. I do not believe it was intended to do that; I think it was intended in the ordinary production of manufacturers that where prices get out of line it would be possible to selectively control those prices; in other words, it would be not necessary to regiment our whole economy but to apply pressure only where it was most needed, and I think we could trust him not to depress the price of one agricultural commodity or one farm product to the benefit of another. We have got to put this discretion somewhere; these laws do not enforce themselves; there must be human judgment and discretion, and the only way it can be done is the manner in which it is done in this bill. I think it very desirable that the President be allowed to use selective price controls before he attempts to regiment the economy of the Nation. It may be that by the operation of this act we can avoid general price controls.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield further?

Mr. SPENCE. I yield.

Mr. AUGUST H. ANDRESEN. Then it is the gentleman's construction of the language now before us that when there is selective controls the President could use his authority to control articles that might be competitive in a certain field.

Mr. SPENCE. I think so.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. CELLER. I notice that there is exempt from control newsprint furnished newspapers. I am curious to know why newsprint is thus decontrolled when we know from the investigation conducted by the Committee on the Judiciary that newsprint per ton is now over a hundred dollars, almost a hundred-percent increase in price in the period of a decade, that there is a black market in newsprint that runs up as high as $250 per ton, making it very difficult for small papers to procure newsprint.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. BUCHANAN. I might answer the gentleman from New York in this respect: On page 10 it is provided that the controls shall not be exercised with respect to prices or rentals for materials furnished for publication. It is limited to that extent and it does not include newsprint.

Mr. CELLER. I am glad to get that explanation.

Mr. SPENCE. Newsprint is not exempted from the controls.

Mr. BUCHANAN. It is included in the controls, yes.

Mr. SPENCE. Mr. Chairman, the destiny of our Nation is not entirely in our own hands; we have got to meet every emergency; we have got to do everything to strengthen our economy and to strengthen the very fabric of our country.

The CHAIRMAN. The time of the gentleman from Kentucky has again expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the gentleman from Kentucky be allowed to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Massachusetts.

Mr. NICHOLSON. Mr. Chairman, in line 3, page 7, it is stated:

> No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950.

Should that not read that no wage, salary, or other compensation shall be stabilized at more than that point?

Mr. SPENCE. I think not. This is very fair. You have to have some standard, and this is a very fair standard. I certainly would not want to put a maximum on a salary that could be paid. It seems to me this is the proper way to do that.

Mr. NICHOLSON. If this wording is left in here, then the question of wages would not be frozen along with other costs. They could take not less than that. We would have a ceiling on the thing; then they could not go up.

Mr. SPENCE. I do not think that there should be a rigid statutory ceiling on wages under any circumstances.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Texas.

Mr. PATMAN. The standard there is exactly the same as for agriculture.

Mr. SPENCE. Yes. I want to say that agriculture is well taken care of in this bill. The two Pace amendments are in the bill, the Stanley amendment is in the bill, and the Cole amendment is in the bill.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Mississippi.

Mr. RANKIN. The gentleman from New York [Mr. CELLER] raised the question about the advance in the price of newsprint paper. He said it was 100 percent more than it was a decade ago. I do not have the exact figure for 1940, but I have the figure for 1938.

On January 31, 1938, we had $6,324,000,000 in circulation. On June 30 this year we had $27,156,000,000 in circulation, more than four times as much as we had in circulation in 1938.

Prices in a free economy are regulated by the volume of the Nation's currency and the velocity of its circulation. So that is not an unusual rise if newsprint has not gone up more than the gentleman from New York has indicated. It has not gone up as much as some other commodities.

Mr. SPENCE. That is what we are trying to fight in this bill, the vicious spiral of prices and wages. When the working man gets a raise in his wages it does him very little good because prices more than keep pace with it. He does not get any additional purchasing power. That is the reason a bill like this will give added strength to the country. It will bring contentment to the people and it is necessary for our national defense. The sooner we pass it in order that these controls may be put into effect, if necessary, the better it will be for all of us. It has already taken too long to put this act on the statute books.

The purchasing power of the dollar has depreciated so that those who work for wages, those who work for salaries, are at a great disadvantage. Those who are living on fixed incomes see their income disappear. The finest thing we can do is to stabilize the economy of our Nation and bring back to a certain extent the purchasing power of our dollars and to see that our Government is not defrauded in the great purchases it will make, because the Government will spend astronomical sums in the prosecution of the war. We can make the money it expends go very much further by the adoption of this amendment.

Mr. Chairman, I ask that this amendment be considered as expeditiously as possible and that it be passed and put upon the statute books in order that the benefits that will accrue from it may come to the people immediately.

The CHAIRMAN. The time of the gentleman from Kentucky has again expired.

[Mr. WOLCOTT addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. BROWN of Georgia. Mr. Chairman, I rise in support of the pending amendment.

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Chairman, up to this point I have advocated the passage of the bill recommended by out President, the Commander in Chief of the Armed Forces; by Mr. Symington, Chairman of the National Security Resources Board; by Mr. Evans, a member of the Federal Reserve Board; by the Secretary of Commerce; and by General Bradley. The bill reported by the House committee represents their views—that is, to authorize the President to requisition plants and facilities, to provide allocation of materials needed for the Armed Forces, and to tighten bank credits by curbs on installment buying. All this, they claimed, was needed immediately, and they opposed control of prices and wages at this particular time.

When the bill case to the House, as reported by the committee by a vote of 20 to 1, amendments were offered on both sides of the aisle to have control of commodities and wages immediately. The House undertook to write amendments to carry out this idea, but the longer we debated the control question the more confused the House became and saw the fallacy of trying to write a price- and wage-control bill on the floor. We adjourned last Friday to give the committee an opportunity to go into the control of prices and wages feature, which the committee did. All day Tuesday we discussed the different proposals submitted

to the House last week and heard one or two witnesses. We finally voted out an amendment relative to control of prices and wages, something that was not considered at all during the hearings on the original bill reported to the House. We finally agreed to amend the original bill to provide a flexible and fair method in which to apply price and wage controls.

The amendment provides three different methods by which these controls may be applied. In the first place, the President can call in leaders of industry, labor, and agriculture and get them to agree on voluntary controls. I venture the opinion that unless the international situation becomes much worse voluntary controls will be all that are ever utilized.

If these should not be enough, however, the President may apply controls to any material which is of importance to the national defense. The President shall issue regulations prohibiting increases in wages or salaries whenever such an increase would require an increase on any material on which he has established a price ceiling. Clearly, for example, if he set a price ceiling on, say, steel, he would be required to control the wages of those people whose wages contribute to the price of steel.

Finally, as a last resort, and I cannot see this taking place for a long, long time, the President could place price ceilings on other materials. Here again he would be required to match price controls with wage controls. In the committee amendment, it is required that wages and salaries and other compensation shall be stabilized generally whenever ceilings on prices have been established on commodities, materials, and services comprising a substantial part of all sales and materially affecting the cost of living.

I believe the committee amendment on price and wage controls is a fair middle-of-the-road approach to the problem. It provides for three different ways of dealing with the problem at three levels. As I have said before, we shall probably never get beyond stage No. 1.

The remaining titles of H. R. 9176 are substantially what the President has asked for to combat inflation. They are allocation and priority authority, the right to requisition, but only as a last resort, consumer credit control, and the authority to make loans for industrial expansion and production.

Everyone knows how I feel about controls. I am supporting this amendment on account of the three formulas to solve the problem, especially the first one of voluntary controls, and the further reason that my amendment was adopted to limit the law to June 30, 1951, instead of June 30, 1952. I take the position that at that time, if we need controls, we will need greater control than is provided in this amendment, or else we will not need any control at all. We will have sufficient time by then to pass another law if necessary. This amendment is a compromise between those who want all-out control on everything at once, and those who take a milder view of the situation.

Mr. Chairman, I have stuck to the original bill all along because our Commander in Chief wanted it. That is what General Bradley wanted, that is what Mr. Symington and the others wanted. They did not want further controls at this time because they realize the President has the machinery in the Commodity Credit Corporation to control food and clothing.

The Commodity Credit Corporation has an abundant supply of cotton, grain, and foodstuffs of all kinds and can sell these commodities in an orderly way and control the market on all food and on all clothing. Why do I say that? The Commodity Credit Corporation has title to 3,100,000 bales of cotton in the 1948 production and loans on 500,000 bales of 1949 cotton, which loan was due on July 1 last. In other words, they can place on the market at any time that 3,600,000 bales of cotton. The amount of cotton we have on hand now is around 7,500,000 bales, but the amount owned by the CCC, if sold in an orderly way, could prevent any inflation on cotton and, finally, clothing.

The carry-over of wheat is 470,000,000 bushels. The Commodity Credit Corporation has title to 334 000,000 bushels of wheat. The Corporation can sell this wheat in an orderly way and prevent inflation on wheat and bread.

The corn carry-over for the United States as a whole is in excess of 900,000,000 bushels. Of this amount the Commodity Credit Corporation has title to more than 300,000,000 bushels. The Corporation can sell this in an orderly way and prevent inflation on corn.

The Corporation has title to plenty of edible beans, in fact 9,500,000 hundredweight. The Corporation has title to 17,600,000 bushels of flaxseed; 37,700,000 hundredweight of grain sorghum; 12,600,000 bushels of oats; 857,000 hundredweight of dried peas; 88,000,000 pounds of dried eggs—three dozen to a pound.

There is 34 percent more cattle in feed lots this year than last year; the pig crop is one of the biggest in history. So there is plenty of corn to feed the cattle and the pigs, and there is no just reason for beef or pork to advance or be as high as it is if the corn surplus is sold in an orderly way.

The Commodity Credit Corporation has 192,000,000 pounds of butter; 348,000,000 pounds of milk and 97,000,000 pounds of cheese.

It is obvious to everyone why the President and the witnesses supporting the bill which was reported to the House were against control of prices and wages at this time, because the Commodity Credit Corporation can sell these commodities in an orderly way to prevent inflation on all foodstuffs and clothing.

Now I want to take all profit out of war, but our committee does not have the right to write a tax bill. That is for the Ways and Means Committee, and unless something is done on this line, I don't believe a price- and wage-control bill would have very much influence in preventing inflation. As stated before, if and when the people of the country know that we have an abundance of everything to eat and wear and the President cannot control high prices by voluntary controls, then he can and must try out the more rigid methods in controlling same which I subscribe to. So I agreed to go along with the bill under the formulas therein and let the President first try out voluntary controls.

Now the Commodity Credit Corporation can sell any or all of these commodities at a price fixed by law at 90 percent of parity, plus carrying charges and 5 percent, which amounts to about 97½ percent of parity. Who objects to that? No one, as long as they sell the commodities in an orderly way and this is the solution to reduce inflation on all foodstuffs and clothing.

The CHAIRMAN (Mr. McSWEENEY). The time of the gentleman from Georgia has expired.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield to the gentleman from Texas.

Mr. POAGE. The gentleman just stated that he believes when we have price control we should also have wage control, and I agree with him. Does the gentleman understand that this bill provides for wage controls when we have price controls?

Mr. BROWN of Georgia. This bill does provide for it in this way: The second formula is selective control.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. POAGE. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for two additional minutes.

The CHAIRMAN. Is the objection to the request of the gentleman from Texas?

There was no objection.

Mr. BROWN of Georgia. If the President thinks that when he places a ceiling upon selective commodities, the conditions appear to him that wages will have to be raised, then in that instance it is his duty under this bill to put wages under control.

Mr. POAGE. Will the gentleman explain why the difference in the language, then? The Spence amendment provides on page 4 that the President may issue regulations and orders "establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee," and so forth, but when it comes to wages and salaries, on page 5 the amendment states, "Wages, salaries, and other compensation shall be stabilized generally." In other words, it states that prices shall be placed under ceilings but wages shall be stabilized.

Mr. BROWN of Georgia. That is the third formula. When he undertakes to put it on over all, if he puts it on a majority of the commodities he then has to stabilize wages by placing a ceiling on wages.

Mr. POAGE. Does the gentleman interpret the word "stabilize" to mean the same thing as to impose ceilings?

Mr. BROWN of Georgia. Absolutely. You stabilize by putting ceilings on them.

Mr. POAGE. Is it not a fact that in World War II we did place a ceiling upon prices, and that we stabilized wages at 15 percent above the figure that existed at the time we put the ceiling on prices? That was the Little Steel formula, was it not?

Mr. BROWN of Georgia. The President under authority given him now is not supposed to wait until a 15 percent rise. When a rise is threatened, it is his duty under this amendment to stabilize wages immediately by putting ceilings on wages at that particular time.

If the Commodity Credit Corporation will sell in an orderly way the commodities they have now in surplus they can keep prices from rising to an exorbitant height, and if the Ways and Means Committee sees fit to take unjust profits out of war, we will not have much inflation and this is one of the reasons I feel that this bill will prevent inflation by the exercise of the No. 1 formula, that is voluntary controls, and if it does not I feel justified in voting for the other formulas by which the President can try out selective controls and over-all controls.

I subscribe to the theory of some of the farm organizations that inflation is a condition which develops when the supply of money increases in relation to the supply of goods. Price and ration controls, at best, only suppress the symptoms of inflation. They invite black markets and require administrative personnel needed for production. They do not attack the problem of cheap dollars at its source, and actually decrease the supply of goods thus depriving the country of needed defense and the citizens of goods and services.

Mr. KUNKEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KUNKEL to the Spence amendment: On page 3, line 5, strike out all of subsection (b) down to line 7 on page 4, and in line 8, page 4, strike out "subsections (a) and (b)" and substitute "subsection (a)."

Mr. KUNKEL. Mr. Chairman, our chairman has pointed out that there are three steps in the establishment of complete controls under the provisions of this bill.

If voluntary controls do not work, then we go into a phase of selective controls during which, if a control or ceiling is placed on the price of any commodity or manufactured article, then at the same time a ceiling can be placed on the wages paid to those employed in that particular industry which is manufacturing that commodity.

The third phase is a system of general controls under stand-by authority somewhat in line with that contemplated in the bill which I offered as a substitute several days ago. I am strongly opposed to selective controls and to postponing the day at which all prices and wages are frozen generally at one time. It seems to me if that is not put into effect in the near future then we will have passed the period in our economic pre-war development which would have given us the chance to institute such controls at all effectively. So in order to bring this proposal which we now have before us more in line with my thinking on the subject, and to offer those who are in accord with me another chance to express their views, I am offering this amendment which in substance cuts out the intermediate step of selective price controls. If this should not be done, I fear we would never manage to get out of this second stage. We would then be plagued with all the difficulties and evils which persisted through World War II and the post-war period.

In addition to everything else, I think this would be radically unfair to labor. A ceiling is only to be placed on wages in a factory which is making a commodity on which a ceiling has already been placed. Of course, the person who is working in that factory and making that commodity spends very little of his wage or his income on the purchase of that particular commodity. He is going to spend his wage or income for food and clothing and all of the other things which go to make up his cost of living. So that you are controlling his income at a time when you are not giving him the benefit of stabilizing his cost of living. Therefore, I think this would not only be radically unfair, but I think it would cause a great deal of discontent throughout the whole working population of the country because certain sections of it would be given unequal treatment as compared to other segments. This whole committee amendment which you are now considering would work out better if this intermediate step were cut out. Please keep in mind that I am not cutting out the period during which the President can attempt to stabilize by using voluntary controls. Personally I do not think the voluntary controls will work, and I am not at all keen about that section of the bill.

But I am not moving to strike it out because I think we can improve this bill, a great bill, by merely adopting this amendment of mine, which strikes out the intermediate steps. Having been defeated in several of my efforts to put the Baruch idea into operation, I am now trying to salvage as much as possible.

Mr. COLE of Kansas. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. COLE of Kansas. May I say to the gentleman that I support him now on the amendment which he has offered today as I did in committee. I am in accord with the gentleman that selective price controls will not work and that once the Administrator attempts to place controls on a given commodity he thus begins to throw out of gear the economic picture of the country, and when he attempts to determine whether selective wage controls are necessary in order to stabilize the economy he will again find himself in difficulty. Therefore, I believe this second step is unworkable and should not be approved by the Committee.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. KUNKEL] has expired.

Mr. KUNKEL. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KUNKEL. Mr. Chairman, there is one more point I should like to make before I yield further. That is with reference to the point that the gentleman from Michigan made that this whole amendment is substantially in line with that which has been reported favorably by the Committee on Banking and Currency of the other body and which in all probability will be adopted by the other body. If this subsection is stricken out, then the whole question will be thrown into conference. Meantime, until the conferees make final decision, we will have the benefit of the additional and more mature thinking which will occur on this subject. It might well be that when we go into conference we can emerge with a provision which is superior either to my suggestion or to the one embodied in the present bill. But if we do not accept this amendment, then we will probably not have that opportunity.

When the committee was writing this bill, my thought was to make it a different one from the Senate bill all the way through, partly in order to go to conference and then have an opportunity to adapt it there. We would have more time to get away from the confusion which has existed so far on this particular bill. We would have a wider base upon which to work and to adjust.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. COLMER. Some of us have not been able to follow where we would be if we voted for your amendment. Would the gentleman state in a few words, if your amendment were adopted, where would that leave the question of controls of commodities and wages?

Mr. KUNKEL. It would put it right into the third section, which is subsection (c), on page 4, where there would be general, over-all controls at which time it would be necessary to freeze wages generally and commodity prices generally.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. COX. And is that not in keeping with what was the apparent sentiment of this House when the matter was under consideration last week?

Mr. KUNKEL. It was my impression that more Members felt that way, and also that a considerable majority of the Members felt that it was absolutely necessary to have an immediate tie-in between wages and prices and services and commodities. When you put a ceiling on just one particular commodity and one particular wage, then in my judgment that is the most unfair thing you can do to the average working man in this country. It is complete discrimination between workers and business people, depending on their line of activity, at the whim of the President.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. SMITH of Wisconsin. In effect, your amendment eliminates the selective control feature and brings it down to two categories, merely the voluntary and the over-all?

Mr. KUNKEL. Yes; and when it does that, the matter can be reconsidered, in all probability, in conference; whereas, if my amendment is defeated, the bills of the two bodies will be substantially in accord, assuming the other measure is accepted in its present form at the other end of the Capitol. There would be no opportunity whatever for any adjustment in conference in that event.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. HARDY. Mr. Chairman, I ask unanimous consent that the gentleman may have one more minute, that I may ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. HARDY. The gentleman is speaking of selectivity. Is it not true that even under subsection (c) there would be complete latitude of selectivity, and that ceilings might be imposed on any and all commodities.

Mr. KUNKEL. As I read that, it is not quite the way the gentleman indicates, because when it becomes necessary to impose controls over a substantial part of the economy, then I think it is necessary under subsection (c) to make general controls, and to tie in wages. I am not so sure of the language. No part of this Spence amendment—title II—was written by me. I am only trying to strike out what I think is a particularly bad feature. I do not like this new title II as well as I do the corresponding sections in the proposal which I offered myself, but I do believe subsection (c) goes a long way toward meeting the objections that many Members had.

Mr. HARDY. Can the gentleman point out any language in subsection (c) which would indicate there would be general application or necessarily on more than one commodity?

Mr. KUNKEL. Yes; in lines 6 to 10, on page 5.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. KUNKEL] has again expired.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the committee very carefully considered this amendment, which is title II, now being considered by the Committee of the Whole. After thorough consideration and after debating a number of amendments, including the approval of two offered by the gentleman from Georgia [Mr. PACE], one by the gentleman from Virginia [Mr. STANLEY], and one by the gentleman from New York [Mr. COLE], we agreed on this amendment by a vote of 21 for it and only 1 against it. There was only one vote in the Committee on Banking and Currency against title II that we are now proposing to be inserted in this bill.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. KUNKEL. The gentleman is correct that that was the vote on the over-all amendment. However, when the specific amendment which I offered and which is similar to the one I am now offering, was before the committee, there were four votes in favor of it.

Mr. PATMAN. Well, the gentleman did not give me time to get to that. There was one vote against this title, and when we were considering this title the gentleman from Pennsylvania offered the same amendment in the committee that he is now offering. After thorough and full debate and discussion the committee voted on the gentleman's amendment. It received 4 votes with 17 against it. So I submit that after the committee has so thoroughly gone into this matter and has voted by such a large majority against it, that the Committee of the Whole should now defeat the proposal of the gentleman from Pennsylvania.

This will eliminate the second step, or the second gear in this three-gear bill which provides: First, voluntary controls. If we knew that we were in a period when it was necessary to have all-out mobilization naturally we could eliminate gear No. 1 and gear No. 2 and go into high gear immediately if rigid controls were necessary; but we are not convinced yet that strict and rigid controls and regimentation are absolutely necessary. Therefore these three gears are set up. No. 1, voluntary controls; No. 2, selective controls which will permit the President to deal with certain items and certain commodities, and along with it wages as well as prices; that is No. 2. No. 3 is strict and rigid controls involving the severest kind of regimentation. We want to avoid No. 3 if we can. If the emergency does not become so great as to justify No. 3 it is our hope that we shall never have to use it. Therefore we should keep voluntary No. 1 in and we should keep No. 2 in because it is possible that by using No. 2 we will never have to resort to the rigid regimentation under No. 3. So let us try No. 2; let us not strike it out. I plead with you not to strike it out in view of the fact that it was so thoroughly considered after thorough debate on two tests, one test 21 to 1 and another test 17 to 4 against this amendment.

So I ask, Mr. Chairman, that this amendment be defeated.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. KUNKEL. There is just one point at which I must disagree with the gentleman from Texas and that is on the matter of long and thorough consideration. The Members of the House, I am sure, know how much time the committee had to discuss this whole bill and how much time they must have spent on this amendment.

Mr. PATMAN. I am sorry the gentleman is not staying by our bipartisan agreement. You know, this is a bipartisan bill. He is all by himself on this whole title on the committee. I hope he will not insist on disrupting and revoking our bipartisan agreement to get a good bill.

Mr. KUNKEL. That is just what I am trying to do. There was a bipartisan agreement to get a good bill. I am trying to get a good bill; the other 20 are against me.

Mr. PATMAN. Everybody is out of step but the gentleman from Pennsylvania. Since we did thoroughly consider it yesterday and also this morning I hope the gentleman will not insist on his amendment.

Mr. KUNKEL. When did we consider it this morning, my amendment?

Mr. PATMAN. I will not take issue with the gentleman on that score.

Mr. LYLE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Texas.

Mr. LYLE. With all the debate that has gone on concerning this subject during the last week, with all the amendments that have been presented and the arguments advanced, it seems absolutely ridiculous to me to overlook the possibility of this phase of control and to say that you must go into rigid regimentation even though the circumstances do not justify it.

Mr. POAGE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think we all know that we are faced with a situation that either requires controls or it does not; either we have a serious situation, one in which we ought to try to stop inflation even though it may require each of us to make some sacrifice, or we ought to do nothing about it and retain our liberties. You cannot have controls without some infringement upon the individual liberties of the citizens. We should not adopt controls lightly. If our problem of defense is not serious, if our boys are on a picnic in Korea, then we should not consider controls. But if we are faced with a serious situation, as I think we are, if we are faced with a problem which may determine our very existence as a nation, then we ought to take whatever steps that are necessary to meet that problem. One of the most important of those steps is to prevent run-away inflation. We can neither finance our necessary rearmament or protect our liberties if we allow inflation to destroy our savings and the buying power of our money.

You cannot prevent inflation after it has occurred. You can put out a fire when it has just started, but you cannot prevent the fire after it has burned the house to a pile of embers. We have the opportunity of putting out the fire now before it burns the house down. If we wait to turn the hose on the flames it will soon be too late.

Oh, we can sit around and wait until after the election if a majority of the Members of the House feel they are afraid to meet this issue now. We can wait until after November, but if we do, we need not talk of stopping inflation; our economic house will by that time have been so far consumed that we will have to wait for the ashes to cool. If we wait, the United States Government will pay hundred of billions of dollars more for its defense effort. Our citizens will have the value of their money destroyed and that goes for the most hum-

ble worker as well as the most opulent investor. It will destroy the value of bonds, it will destroy the value of life insurance, it will destroy the value of pension payments, and it will destroy wages if you let this inflation proceed. Of course, under such circumstances, wages are going up and they should go up. I want to make it abundantly plain that, in my opinion, if we allow prices to go up we should allow wages to go up. It is my feeling that we should stop increases in both wages and prices and stop them now. The time to stop them is before they have gone up, not after. You cannot roll them back.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Pennsylvania.

Mr. KUNKEL. There is one question every Member should keep in mind in voting on this matter and that is if you think we are going to have controls eventually then you ought to vote for this kind of control now. If you do not think we are going to have controls eventually then you should postpone the whole thing.

Mr. POAGE. That is right; but I am afraid the thinking of a great many Members on both sides of the aisle is that they do not want to vote for controls until after the elections in November. Frankly, I want to vote for control when it will do some good, while it will affect inflation, when it is not too late. The question is whether you are interested in stopping inflation or whether you are interested in stopping somebody from voting for somebody else.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Texas.

Mr. PATMAN. Of course, I do not agree with the gentleman that any Member is voting for this amendment and waiting until after elections for control. The gentleman should consider that it will take several months to get enforcement into operation and we need this time. This No. 2 will give us an opportunity to keep down speculation and inflation to some extent while we are setting up the necessary machinery.

Mr. POAGE. Of course, if I agreed with the gentleman that Nos. 1 and 2 had any beneficial effect, I would have to agree with his conclusions. We are told here you should first try voluntary controls. What are we trying today? We have had voluntary control ever since the day the North Koreans crossed the thirty-eighth parallel. There has been just as much voluntary control as there is going to be after the bill is passed, and it has accomplished just exactly as much as voluntary control is going to accomplish. It has let the cost of living go completely out of line. Voluntary controls have not and are not going to do anything more. They are just so much hogwash and the people know it whether the Committee does or not.

Then the gentleman says we should have selective control. For what? Why should we not try to stop the general rise in the cost of living now rather than to say if the price of John Smith's product goes up that we will control it, but if Jim Jones raises prices on his product that will be all right? Are we to say that we will put a ceiling price on brick and none on cement? Do not we know that brick would go off the market and cement blocks would go up? Every time you push down on one end of the balance the other end is coming up. There are just as many buyers as there are sellers. You cannot talk about everybody buying and everybody selling because every time there is a sale there is both a buyer and a seller. You are not going to stop inflation by pushing some prices down and letting others go uncontrolled. You must control all prices if you are to keep goods on the market at fair prices.

The CHAIRMAN (Mr. SMITH of Virginia). The time of the gentleman from Texas has expired.

Mr. POAGE. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from New York.

Mr. KEATING. It seems to me that it should be pointed out, too, if the gentleman agrees with me, that under the Kunkel amendment, even if adopted, it is still not a mandatory price and wage control bill, because the President still acts under subsection (a) and tries to bring about voluntary action.

Mr. POAGE. I agree with the gentleman that the Kunkel amendment does not go nearly far enough. I agree that the Kunkel amendment is not a solution, but it does eliminate one weak link in the bill. There are other weak links and I would like to eliminate them all, and I would like to go further and strike at the roots of this inflation. Right here, Mr. Chairman, I want to make it plain that I am not one of those who believes that either price or wage controls will cure inflation. These controls can help to mitigate the hardships imposed by inflation. Inflation has got to be stopped by taxation. You have to levy taxes, and I mean taxes; I do not mean five or eight billion dollars; I mean fifteen or twenty billion dollars; I mean enough taxes to pay for all of the expenses of Government. If you have not got nerve enough to vote those taxes, do not go home and talk about how you voted to stop inflation, because you cannot stop the fire of inflation and leave the fuel to build the fire lying around. Somebody will throw that fuel on that fire and rekindle the blaze. No, I voted last week for the excise profits tax which was proposed and I expect to do so again. I want to control profits as well as wages and prices. I think we must control all three. No one should escape.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Alabama.

Mr. ANDREWS. I want to say that I want to concur in what the gentleman has said. I do not think warning will do any good to keep prices down. I would like to tell you about a letter I got from a farmer.

Mr. POAGE. I am sorry, I cannot let the gentleman tell about that because I only have a moment or two left. If the gentleman has a question, I will try to answer it.

I want to call your attention to this fact that neither the Kunkel amendment nor this bill actually tie wages and prices together. The wording of the bill is different in regard to wages and prices; it puts a ceiling on prices and it stabilizes wages. We had stabilization of wages in the last war and they were stabilized at 15 percent above what they were at the time when we froze prices. Now, stabilization of wages at 15 percent above the freeze on the price level does not bring about anything but a black market and the disappearance of goods from the legitimate dealer. If you want to do what the American people want and what I believe this Congress wants, let us meet the problem squarely and actually tie wages and prices together, and let us tie them both as of the day this thing started. Let us not talk about doing something after the election. The Koreans did not wait until after the election, and you cannot wait until after the election either, and have any value left in your pay envelope, your life insurance policy, or your bonds.

Mr. NICHOLSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I know that everybody wants to vote on this and you are probably tired of it. But, I would like to ask a question of the chairman of my committee, whom I have a great deal of admiration for. On page 7, section 2, says that no wage, salary, or other compensation shall be stabilized at less than between these two decks. That should read "more." The reason it should read "more" is because whether or not we give this power to the President or not does not make any difference because the President immediately hands it over to somebody else to administer, and they make the rules and regulations; they go along with it. Now, if we are going to pass a law here, let us say that it shall be no more than the price paid between May 24 and June 24. Let us say it, and then we clip the wings of these people who have been trying and will always try to be greedy and avaricious and make money on the miseries of mankind. If we are going to send our men and boys to fight our battles, let us get on the same plane with them. This may be all right.

I have been informed that this is the same thing that was written into the old OPA bill. The OPA failed, and we know that it failed. We of the younger generation and maybe the older generation should get a lesson from it, but we should put "more" in there and put everybody on the same plane.

I was given this information by a gentleman from Arkansas, a prominent

member of the Committee on Ways and Means. I do not want to tell you his name because I circulate around here and ask people that know twice as much as I do about what their opinion is. I try to do that. But under this bill you are not going to have any controls at all, because you put "not less than" rather than "not more than."

I do not want to talk about my fishermen, for they are not in this bill at all, but if they were, if you caught a codfish sometime between May 24 and June 24 you could not go less than 4 cents for that codfish, but you could go to 20 cents if you wanted to under this bill. I think everybody that has any common sense knows it.

I do not want to be an off-horse, Mr. Chairman. I want to go along with my committee, but I want my committee to use common sense. I do not want them to write a bill based on the old OPA, that was a miserable failure.

So, Mr. Chairman, I am constrained to vote against this bill and to vote against my committee, because they are not willing to change something for more or less. We Yankees always said, "Well, we will accept that proposition more or less."

Mr. BUCHANAN. Mr. Chairman, I move to strike out the last word, and rise in opposition to the amendment.

Mr. SPENCE. Mr. Chairman, will the gentleman yield for a unanimous-consent request?

Mr. BUCHANAN. I yield to my distinguished chairman.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on the committee amendment and all amendments thereto close in 20 minutes.

Mr. O'HARA of Minnesota. I object, Mr. Chairman.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on the committee amendment and all amendments thereto close at 3:45.

Mr. AUGUST H. ANDRESEN. I object, Mr. Chairman.

Mr. COOLEY. If the gentleman from Pennsylvania will yield for a parliamentary inquiry, I should like to know how many amendments are at the Clerk's desk.

The CHAIRMAN. Four amendments to the amendment offered by the gentleman from Kentucky this morning are at the Clerk's desk.

Mr. BUCHANAN. Mr. Chairman, I believe we have to take another look at the proceedings of last week and the situation as it is in 1950 to get into true perspective the situation today and what we are trying to do here as a committee and what we have recommended here to the Committee of the Whole.

The situation in 1950, as compared to the prewar year of 1941, is certainly not analogous because at this time our economy is capable of producing $100,000,000,000 more in terms of gross national product than it was 10 years ago. Therefore, from all indications at the present time, 90 percent of the total output of this Nation can be used for civilian purposes, and our needs are for merely 10 percent for defense purposes. We will not attain that point until the end of this year 1950. Whereas in 1940–41 we had to go into an all-out war productive effort when 50 percent of our economy was devoted to the military effort and 50 percent to the production of civilian goods. Now we have devised this method of three progressive steps as being the most practical step to move from the process of voluntary stand-by authority into selective price controls. The nature of our integrated economy today compared to what it was 10 years ago must be taken into full consideration.

To get this in true perspective we have to alter our thinking in terms of our economy today and not in terms of the situation prior to World War II. I believe we are dwarfing our outlook and confusing our thinking in terms of what the situation was then. In the light of the experience we have had in World War II and in the period following World War II and the experience we have had with controls, I believe that this practical step is most essential and necessary.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. KUNKEL. If you take these three progressive steps then that absolutely insures that we are going to get in the same mess in this war as we got into in World War II. That is the reason I object so strenuously to this method.

Mr. BUCHANAN. The gentleman is taking the most pessimistic view and my viewpoint, of course, is based upon the facts and experience as they are today and have been related to this committee by those who know and are able to reveal to us certain information which we, of course, are not privileged to reveal here to the Committee of the Whole.

Mr. FELLOWS. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. FELLOWS. The economy may have changed as the gentleman indicates, but human nature is just the same as it was in 1940, is it not?

Mr. BUCHANAN. But our capabilities in being able to supply the needs and wants of human nature, as I have stated, have greatly increased and we are today able to produce $100,000,000,000 more in the way of goods and services, so far as the needs of the Nation are concerned.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. CELLER. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. CELLER. I understand the gentleman, as a representative of the committee, intends to rephrase the language on page 10, subdivision 3, with reference to newsprint so that beyond peradventure of a doubt, as that language will be rephrased, newsprint will be under control; is that correct?

Mr. BUCHANAN. It is not the intent to cover newsprint in this exemption. I may say to the gentleman from New York in the original amendment as offered by me, I numbered various sections and it reads now, on page 10, line 5, "prices or rentals for materials furnished for publication by any press association or feature service—comma." And then to separate that particular section I had it numbered. So it is the intention of the committee to offer "Sub (a)" and "Sub (b)" to precede these two points so that there will be no question about the remaining part of that particular No. 3 section. It certainly is not my intention that newsprint be excluded or exempted.

Mr. CELLER. I understand the power of the press, and how that power, undoubtedly, under the original OPA and in this bill was exercised, so that there will be no ceilings on advertising rates by publications, including newspapers; but why is there no control on outdoor advertising? It has nothing to do with the freedom of the press. It has nothing to do with the press. Is the power of outdoor advertising companies so great that they have no control on what they sell?

Mr. BUCHANAN. That is a medium for dissemination of information. Of course, we were trying to include all those agencies engaged in the dissemination of information. That is why it was included in the original amendment.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. BUCHANAN] has expired.

Mr. SPENCE. Mr. Chairman, I move that all debate on the committee amendment, and all amendments thereto, close at 4 o'clock.

The question was taken; and on a division (demanded by Mr. O'HARA of Minnesota), there were—ayes 118, noes 30.

So the motion was agreed to.

Mrs. BOLTON of Ohio. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentlewoman will state it.

Mrs. BOLTON of Ohio. What is the fate of the amendments at the desk? I have an amendment at the desk.

The CHAIRMAN. They will be read and disposed of whether there is a chance for debate on them or not.

Mr. NICHOLSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. NICHOLSON. I have an amendment at the desk.

The CHAIRMAN. It will be reached in due course.

Mr. NICHOLSON. In the reading of all the names mine was not called. Does that mean I am not entitled to say a word on my amendment?

The CHAIRMAN. We have 46 names on the list with 40 minutes for debate. That will be a little less than 1 minute each.

Mr. COLE of Kansas. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COLE of Kansas. In recognizing Members under the limitation of debate will the Chair recognize first those who have amendments?

The CHAIRMAN. The Chair will endeavor to do so insofar as possible.

Mr. NICHOLSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. NICHOLSON. Will I be permitted to say something on the amendment I intend to offer?

The CHAIRMAN. The gentleman will have about three-quarters of a minute, but if we have these continued interruptions, it will mean that the gentleman's time will be correspondingly cut down.

Mr. KEAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KEAN. May I be heard on the Kunkel amendment?

The CHAIRMAN. The gentleman from New Jersey is recognized for three-quarters of a minute.

Mr. KEAN. Mr. Chairman, in 1941, the gentleman from Texas [Mr. PATMAN] was also a strong advocate of selective controls. Six of us then on the Banking and Currency Committee voted for the amendment proposed by the gentleman from Tennessee [Mr. GORE] which would have provided for over-all controls, but we were beaten in committee and in the House we only got 87 votes. Selective controls proved to be a failure, and in October 1942 the President recommended and the Congress passed a bill providing for over-all controls thereafter. Owing to the mistake of those who thought as did the gentleman from Texas in 1941, the people of the United States and the Government during the war years paid billions more for what they needed than they should have.

Selective controls have failed in past history; they will fail now. So I support the Kunkel amendment.

The CHAIRMAN. The gentleman from Minnesota [Mr. JUDD] is recognized.

(By unanimous consent, Mr. FELLOWS and Mr. GUILL yielded their time to the gentleman from Minnesota.)

Mr. JUDD. Mr. Chairman, probably most of the Members of this body will vote on an issue like that presented by the Kunkel amendment in terms of their analysis of the present world situation. In my view it is sufficiently serious that it will take almost a miracle to get us through it without ultimately requiring full controls over our economy. Therefore, if there is to be error, I would rather err on the side of doing too much too soon than on the side of too little too late which has been our procedure too often in the past. If we do the former and it does not prove to have been necessary, then we will have been guilty of nothing but undue caution, we can and will promptly take the controls off and no damage will have been done. But if we do not take action now that events prove necessary, then we will have been derelict in our duty to the point of endangering the very survival of our country as a free republic.

If I have time I would like to make one more point. It has been argued that if we freeze clear across the board which is the way that causes least discrimination and least inequity to all groups and provides the greatest workability, we will get our economy so regimented that we will never be able to get the controls off.

Mr. Chairman, I submit that the best way to make sure that we can end controls when they are no longer necessary is to freeze everything clear across the board as of a period prior to the Korean invasion. Then everybody will want to end them just as soon as possible; labor will want to end them; merchants will want to end them; farmers will want to end them; everybody will want to end them if everybody is under them. But if under the selective system of step 2, the President freezes only a portion of the economy, many who are not frozen will not want controls taken off those who are frozen because it is to their advantage to have others restricted while being free themselves. Labor will want the controls kept on business, or business will want them kept on labor, and so on. Partial controls will be far harder to get removed than full controls.

Mr. Chairman, the way to be most equitable to everybody in putting on controls, and to produce the most effective stabilization, is to do it clear across the board at the outset and then, as soon as it proves possible or advisable, they can be relaxed or removed step by step.

Let us not once more gamble with the welfare of our country by half-way measures that are unlikely to work. Let us not edge into this difficult problem backward; let us look it straight in the face and do it the fair way right now. The Kunkel amendment does not do all I believe should be done and in the end will have to be done, but it is a long step in the right direction and adoption of it will make clear the views and wishes of this House.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. KUNKEL] to the amendment offered by the gentleman from Kentucky [Mr. SPENCE].

The question was taken; and on a division (demanded by Mr. KUNKEL) there were—ayes 94, noes 70.

Mr. SPENCE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. BUCHANAN and Mr. KUNKEL.

The Committee again divided; and the tellers reported that there were—ayes 118, noes 96.

So the amendment to the amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. COLE].

(Mr. GAMBLE, Mr. HOPE, and Mr. SCUDDER asked and were given permission to yield the time allotted to them to Mr. COLE of Kansas.)

Mr. COLE of Kansas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLE of Kansas to the Spence amendment: Page 8, line 14, after the word "processing" insert the following: "*Provided further*, That no ceilings shall be established or maintained on products resulting from the processing of cattle and calves, lambs and sheep, and hogs, the processing of each species being separately considered, which, taken together, do not allow for a reasonable margain of profit to the processing industry as a group on each such species."

Mr. COLE of Kansas. Mr. Chairman, it is fortunate that in the past we have had some experience in connection with the operation of price controls and ceilings. In the original OPA law the processors of livestock, such as beef, calves, lambs, sheep, and hogs found that price controls were placed on their products in such a manner as to work a hardship. Prices were fixed by determining the processor's profit on his entire operation. For instance, a processor slaughtering lambs and cattle was required to determine under the original law whether or not he had a profit upon his entire operation. If he had a profit on his entire operation but a loss on processing one item, he could not charge a price sufficient to pay the cost of processing the profitless item. This amendment would permit the processor of these livestock items to fix his price upon the cost of processing each individual item or species. For instance, he may then have a price fixed upon the cost of processing lambs, upon the cost of processing cattle, and upon the cost of processing hogs individually and not as a group. In 1945 a food study committee reported on this proposition. This committee was headed by Senator Clinton P. Anderson, and had as its other members, Mr. Pace, Mr. Clements, Mr. Gorski of Illinois, Mr. August H. Andresen, Mr. Herter, and Mr. Holmes of Washington. They had this to say:

> Fair and equitable margins should be established in every operation of the production, processing, and distribution of meat with special incentives for feeders of cattle to produce better and heavier beef, due consideration being given to the over-all feed situation.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. COLE of Kansas. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. Is it not a fact that this situation was taken care of in 1945 by the Barkley-Bates amendment, which is the amendment the gentleman is offering?

Mr. COLE of Kansas. Yes. The amendment I am offering was offered by the then Senator BARKLEY and Representative Bates. It permitted the producers of livestock to get a fair price for their commodity. It permitted them to know in advance that they would be able to receive a fair price in the future, and thus brought into production a greater supply of meat.

Mr. MONRONEY. Mr. Chairman, I rise in opposition to the amendment.

(Mr. DEANE and Mr. JACKSON of Washington asked and were given permission to yield the time allotted to them to Mr. MONRONEY.)

Mr. MONRONEY. Mr. Chairman, this amendment has little or nothing to do with the raisers of livestock. It is

not an amendment to protect the farmers or the cattle raisers.

It is, in its entirely, an amendment for the packing industry and if passed, will insure greater than normal profits to the larger members of this industry.

Much of the complaint we are receiving is about the high cost of meat in the cost of living index. It is not the cattle raisers who are getting this increase, but somewhere along the line after the farmer sells his livestock, the increase is occurring. We can be certain that the consumers of this Nation do not think that the price of meat is too low when they buy it at the stores.

The large number of animals on the farms of America testify to the health of the livestock industry. As long as there is a good demand for meat, these raisers of livestock will not suffer. It is ridiculous to think that they will.

There is another section in this bill that gives ample protection to the meat processors to provide that ceilings will reflect a profit to them on their business operations.

This amendment goes further than that. It seeks, not only to insure an over-all profit on the plants operation, but also will permit price increases on any classification of livestock if the profit on each individual type of meat processing does not show an ample profit.

The entire plant could, under this amendment, be making ample profits on its over-all operation, but would still be given higher prices if it could show that on one single classification of meat processing it was not in an ample profit position.

This amendment was brought into the picture late in the closing days of OPA when there was vast withholding of meat supplies from the livestock markets. It was put in in the other body. I never thought it was a good amendment—I do not think it is a good amendment now.

If you allow the packers to make not just a reasonable profit on their over-all operations, but then raise prices even higher because on one specific commodity they are not showing their usual normal profit on that one specific line, you are setting a precedent that all industry will have a right to ask for as well.

In ordinary business practice, the manufacturer or processor looks to his entire operation to see if it yields a satisfactory profit. Some lines lose, some make a profit, some break about even.

In setting ceilings on prices, if every item out of a thousand in industrial lines, is to be guaranteed in individual and specific profit, as well as the over-all profit position for the entire business, you will never be able to set ceilings that will not be subjected to continual upward change.

Such amendments as this will set a pattern for a continual upward movement and will make inflation control impossible.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Chairman, one cannot say a great deal in three-fourths of a minute. However, I am surprised that the gentleman from Oklahoma has argued against the amendment before us. I am sure that he does not favor black-market operation, but by asking for the defeat of the amendment he will encourage the reestablishment of the black market in meat.

The Cole amendment, before us, is identical with the Barkley-Bates amendment adopted to the OPA Act in 1945. It was also adopted by the House, as it was then recognized that several thousand small slaughterers were being driven out of business because OPA price regulations compelled them to sell their processed meat at a loss. Many went out of business. Others engaged in black-market operations. As you will remember, a situation developed where most consumers could not buy meat in legitimate channels at ceiling prices. The Barkley-Bates amendment was adopted to correct this situation, by requiring the OPA to provide a reasonable margin of profit for slaughterers on each type of livestock. A large percentage of the Nation's slaughterers of meat do not have any side lines, which would permit them to make up their losses on livestock from such other sources.

Mr. Chairman, there are three different groups that urge price control and rationing of meat and other necessities. The first group consists of those who honestly feel that they will be hurt because of inflationary price rises. The second group consists of those officials and individuals who are again anxious to control the business and the economy of the United States. And, the third group consists of the old black-market ring, with headquarters in New York, who sit on the side lines waiting to take over, especially in the meat line. They made hundreds of millions of dollars during the recent war, and they are getting ready to operate again. The Cole amendment is designed to stop black market operations in meat. Its adoption will permit all slaughterers to operate and supply all kinds of meat at ceiling prices to consumers through legitimate channels.

I urge the adoption of the amendment so that we can get an adequate supply of meat for the consumers through normal, legitimate channels.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. COLE] to the Committee amendment offered by Mr. SPENCE.

The question was taken; and on a division (demanded by Mr. COLE of Kansas) there were—ayes 72, noes 108.

Tellers were demanded by Mr. COLE of Kansas and Mr. AUGUST H. ANDRESEN.

Tellers were ordered, and the Chairman appointed as tellers Mr. COLE of Kansas and Mr. PATMAN.

The Committee again divided; and the tellers reported there were—ayes 86, noes 125.

So the amendment to the amendment was rejected.

Mr. NICHOLSON. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. NICHOLSON to the Spence amendment: On page 7, line 4, strike out the word "less" and insert the word "more."

Mr. NICHOLSON. Mr. Chairman, I made a speech a couple of hours ago on this same subject. I was going to let it drop, but a great many of the Members thought that we ought to take a vote on it. That is, whether or not we should make the provision in this bill more or less. Under the provisions of this bill any department, or anybody whom the President might designate, could make the basic price.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

The question is on the amendment offered by the gentleman from Massachusetts [Mr. NICHOLSON] to the Spence committee amendment.

The question was taken; and on a division (demanded by Mr. NICHOLSON) there were—ayes 40, noes 96.

So the amendment to the amendment was rejected.

Mr. POAGE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POAGE, of Texas, to the Spence amendment: On page 4, line 9, of the committee print No. 2, after the word "orders", strike out the dash and insert the words "at the same time both".

Page 5, line 15, strike out the word "stabilizing" and insert the words "establishing a ceiling or ceilings."

(By unanimous consent Mr. O'HARA of Minnesota, Mr. WHEELER, and Mr. ABERNETHY yielded their time to Mr. POAGE.)

Mr. POAGE. Mr. Chairman, this amendment simply provides that the same language shall prevail as to the establishment of ceilings on prices and as to the establishment of ceilings on wages. It uses the same wording. The pending committee amendment uses different wording. Members of the committee have suggested that it would make no difference which wording was used, whether it were "ceiling" or "stabilizing." I am not prepared to say whether it would make a difference or not, but I do know that the wording is not the same, and I do know that everyone says that it is our intention to provide the same treatment for prices and wages. I know that the same treatment should be provided. For that reason I voted against the last amendment, because I think that you should give to the wage earner the same protection you give to the man who produces agricultural commodities or industrial goods. On the other hand I think that you should not give one class any special privilege whether that class be farmers, wage earners, or industrialists. I think that this is a war in which all of us are interested, in which all of us have a common stake; and I believe all should be given the same treatment. If you adopt this amendment the provision will read that the President may issue regulations and orders at the same time, both establishing ceilings and ceiling prices for retail goods and establishing ceilings and ceiling prices on wages, salaries, and so on.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. ABERNETHY. I have talked to one or two Members of the committee, and they have told me that they intended for each group to be treated equally. This being true I hope the committee will accept the amendment.

Mr. POAGE. Practically everyone who has spoken this afternoon has said they intended for all groups to be treated alike. That is all I ask. My amendment simply makes the wording read the same for all groups.

Mr. COX. Mr. Chairman, I ask for recognition in support of the amendment.

The CHAIRMAN. The gentleman from Georgia is recognized.

Mr. COX. Mr. Chairman, it ought to be apparent to everyone that this House and the country want a stronger law than that which has been proposed. The committee bill is subject to the criticism of giving a political treatment to a war problem and reflects credit upon no one. It is pussyfooting and soft-pedaling to the *n*th degree. The pending amendment of the gentleman from Texas [Mr. POAGE] should be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. POAGE] to the Spence committee amendment.

The question was taken; and on a division (demanded by Mr. BUCHANAN) there were—ayes 146, noes 71.

So the amendment to the amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentlewoman from Ohio [Mrs. BOLTON].

Mrs. BOLTON of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. BOLTON of Ohio to the Spence amendment: Page 2, after line 21 of the Spence amendment, insert a new section:

"SEC. 2. (a) The purpose of this section is to impose temporary ceilings immediately on all prices and wages so as to prevent runaway inflation in the period immediately following the enactment of this act while measures are being perfected under the other provisions of this act to control inflation over a longer period.

"(b) The maximum price for which any article may be sold or which may be received for the performance of the services, and the maximum wage which may be paid for labor shall be the highest price received by the seller for the same or substantially the same article, or received by the person performing the services or the same or substantially the same labor, immediately following enactment of this act, and if no such article was sold or services or labor were performed on or before this date, then the maximum price shall be the sale price of the most nearly equivalent article, services, or labor: *Provided*, That whenever the President shall issue any regulation or order establishing any ceiling authorized by title IV of this act such regulation or order shall immediately become effective irrespective of this section.

"(c) The President shall prescribe such rules and regulations as he considers necessary to carry out the purpose of subsection (b). Whoever willfully violates this section or any such regulation shall be fined not more than $10,000 or imprisoned not more than 1 year, or both."

(Messrs. H. CARL ANDERSEN and BROWN of Ohio asked and were given permission to yield the time allotted to them to Mrs. BOLTON of Ohio.)

Mrs. BOLTON of Ohio. Mr. Chairman, the purpose of my amendment is to freeze where we are now, in order to stop the sudden expansion of wages, of prices, and of everything else, in order to avoid the mistakes we made in the last war period. Such action would do just exactly what might and should have been done by Executive order or by emergency congressional action immediately following the attack upon South Korea. As that was not done, I am suggesting that the committee use the wisdom of hindsight and pass this single amendment as a temporary measure to prevent the spiraling of prices during the period which, according to many who have spoken this afternoon, may be of some duration. It goes without saying that there will be a period during which the machinery involved in this bill will have to be set up. Passage of my amendment will give the people of this country the protection they have every right to expect this Congress to provide. I urge this Committee to pass this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Ohio [Mrs. BOLTON] to the amendment offered by the gentleman from Kentucky [Mr. SPENCE].

The question was taken; and on a division (demanded by Mrs. BOLTON of Ohio) there were—ayes 66, noes 94.

So the amendment to the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentlewoman from California [Mrs. DOUGLAS].

(Mr. DOLLINGER asked and was given permission to yield the time allotted to him by Mrs. DOUGLAS.)

Mrs. DOUGLAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. DOUGLAS: Page 3, line 10 of the committee amendment, after the word "receipt", insert "or the rental."

Page 3, line 11, after the word "material", insert "or property."

Page 3, line 14, after the word "material", insert "or property."

Page 4, line 13, after the word "receipt", insert "or the rental" and after the word "material", insert "or property."

Page 10, strike out all of line 3.

Mr. WOLCOTT. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. Mr. Chairman, I make the point of order that the language which the gentlewoman seeks to offer her amendment to has been stricken from the bill.

The CHAIRMAN. The language on page 3 has been stricken from the bill, and therefore the Chair sustains the point of order against that portion of the amendment. As to the rest of it, the Chair overrules the point of order.

Mrs. DOUGLAS. Mr. Chairman, this amendment which I have offered is an amendment to give to the President the power to stabilize rents along with everything else if and where controls are necessary. Rent is the largest item in the cost-of-living budget of the average family; therefore, if we are sincere about wanting to stabilize living costs and controlling inflation, we certainly must turn our attention to rents. I think the amendment is clear, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from California.

The amendment to the amendment was rejected.

The CHAIRMAN. All time has expired. There are pending several amendments and the Chair will recognize Members who desire to offer those amendments, but there will be no debate.

The Chair recognizes the gentleman from Pennsylvania [Mr. FLOOD].

Mr. FLOOD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FLOOD: Page 1, line 2, insert a new section as follows:

"EXCESS PROFITS CONTROL

"SEC. 201. It is the intent of Congress that all corporations engaged in the manufacture of war material or other services connected with the war effort and for the Defense Production Act of 1950 shall be taxed at the rate of 100 percent of all profits above normal peacetime profits."

Mr. WOLCOTT (interrupting the reading of the amendment). Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. The Clerk has read sufficient to indicate that this amendment is a revenue measure and not germane to the provisions of this bill.

Mr. FLOOD. Mr. Chairman, I desire to be heard on the point of order.

Mr. Chairman, this is not an amendment to introduce tax legislation into this bill. If my distinguished friend from Michigan had listened until the amendment was read or if he had paid attention even to the part that had been read, he would have heard very clearly, in my best English, that this is a mere declaration of intent. Under the declaration of policy in the original Spence bill there is ample language, sufficiently elastic, to permit at this time, under the committee amendment now introduced, the insertion by amendment of a new section, before price or wage stabilization, calling only for a declaration of intent.

Mr. Chairman, every speaker that I have heard says that he is in favor of controlling excess profits. I think this bill should include a declaration of intention that this House is in favor of legislation controlling excess profits. I believe everybody will agree this is germane, Mr. Chairman, because it is embraced within the language of the declaration of policy of the original Spence bill and of this committee amendment. It is consistent with everybody's expression in favor of profits being controlled. And this House had better declare such an intention without delay. During the past several days in the other body the distinguished chairman of the Finance Committee has let it be known that there will be no legislation this session to tax excess profits, to take the profit out of war. It would be an outrage on the working people of America to control wages but not control profits. If the Members think they are going to get a chance to vote this year for control of profits they are badly mistaken. There will be an appropriation of nearly $20,000,000,000 over and above

the regular appropriation for the Armed Forces before the year is out. It will be at the end of the next session of Congress, if at all, that an excess-profits bill may pass, so there will be at least a year or more before there is any excess-profits tax, and billions of dollars of war profits will be made by profiteers. There should be no wage control without profit control—price control is another matter. I am for price control at once; you can black-market with prices but not with wages. Since this is not a tax bill I cannot write in an excess-profits tax, but the least this House can do is pass my amendment, which I submit, Mr. Chairman, is entirely germane, and declare the intent of the House as in favor of control of excess profits at once.

The CHAIRMAN. The Chair is ready to rule.

This amendment is offered to the declaration of policy. The declaration of policy has in it a statement that it is the purpose to control excess profits or profits out of war. The Chair thinks this amendment is in order and, accordingly, overrules the point of order.

Mr. CANFIELD. Mr. Chairman, I ask unanimous consent that the amendment be read in full.

Mr. HOFFMAN of Michigan. I object, Mr. Chairman.

The CHAIRMAN. The question is on the amendment to the amendment.

The question was taken; and on a division (demanded by Mr. FLOOD) there were—ayes 80, noes 121.

Mr. FLOOD. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. FLOOD and Mr. SPENCE.

Mr. HALLECK. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HALLECK. The gentleman from Kentucky [Mr. SPENCE] voted for the amendment.

The CHAIRMAN. Is there any member of the committee who is opposed to the amendment? If so, will he kindly take his place as a teller?

Mr. WOLCOTT took his place as a teller.

The Committee again divided; and the tellers reported that there were—ayes 87, noes 148.

So the amendment to the committee amendment was rejected.

Mr. DOLLINGER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DOLLINGER to the committee amendment offered by Mr. SPENCE: On page 10, line 3, strike out all of line 3.

Mr. DOLLINGER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DOLLINGER. Mr. Chairman, is it possible, since the amendment does not indicate what it is about, to explain that this is the rent control amendment?

The CHAIRMAN. That is not in order. All time for debate has expired.

The question is on the amendment to the amendment.

The amendment to the amendment was rejected.

Mr. WHITE of California. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. WHITE of California to the committee amendment: Page 9, line 18, after the word "milk", add "or poultry", and change the word "is" to "their."

Page 9, line 21, after the word "milk", add "and poultry."

Page 9, line 21, after the word "milk", add "and poultry."

Mr. WHITE of California. Mr. Chairman, my amendment would put the poultry producers on the same basis as the milk producers with respect to increases in the cost of feed and other economic conditions. The poultry producers of the Nation are entitled to price protection the same as other segments of our agricultural industry. I do not see how any Member of this House can deny the fact that the poultry producers of the Nation are justly entitled to this protection.

Mr. Chairman, I earnestly urge a favorable vote on this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. WHITE] to the Spence amendment.

The amendment to the amendment was rejected.

The CHAIRMAN. The question now recurs on the Spence amendment, as amended.

The amendment was agreed to.

Mr. SPENCE. Mr. Chairman, I offer some committee amendments, which are on the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. SPENCE: Page 29, line 6, after the word "military", strike out "and other"; and before the period in line 10 insert "within the framework, so far as practicable, of the American system of competitive enterprise."

The amendment to the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Amendment offered by Mr. SPENCE: Page 29, line 18, after the word "orders", insert "in preference to other contracts or orders."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SPENCE: Page 29, line 22, strike out the proviso beginning on line 22 to the period on line 24.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will read.

Mr. JAVITS. Mr. Chairman, a parliamentary inquiry. At what point in the bill (H. R. 9176) is the Clerk reading?

The CHAIRMAN. Page 30, line 6.

The Clerk read as follows:

TITLE II—AUTHORITY TO REQUISITION

SEC. 201. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that he has been unable to acquire such property or the use thereof, as the case may be, on fair and reasonable terms, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall promptly be paid 75 percent of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district court of the United States within 3 years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation. Whenever the need for the national defense of any property requisitioned under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided*, That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be related to efforts or undertakings on the part of the United States or an agency thereof which are designed to meet the necessities of the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent

of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations, as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which made be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 302. To assist in carrying out the objectives of this act, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises for the expansion of capacity, the development of technological processes, or the production of essential materials. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 303. (a) To assist in carrying out the objectives of this act, the President may make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

(b) Purchases and commitments to purchase and sales under subsection (a) may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

(b) Any corporation created under this section—

(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said act.

(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out its functions under this title: *Provided*, That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the obligations of any corporation hereunder.

TITLE IV—CONTROL OF CREDIT

SUBTITLE A—CONSUMER AND REAL ESTATE CREDIT

SEC. 401. (a) To assist in carrying out the purposes of this act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer and real estate credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this subtitle or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider among other factors, (1) the level and trend of consumer and real estate credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

(b) No person shall extend or maintain any credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than 1 year, or both.

(d) To assist in carrying out the purposes of this subtitle, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(e) Any restrictions for real estate credit for home construction shall not restrict loans made by private lenders to any percentage of value or maturity less than the maximum authorized for any loans authorized to be made, insured, or guaranteed by the Government or any Government-owned agency or instrumentality, nor shall any restriction otherwise discriminate in favor of Government loans or Government insured or guaranteed loans against private loans for home construction.

(f) For the purposes of this subtitle, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, and accounting terms, insofar as any such definitions are not

inconsistent with the provisions of this subtitle:

(1) "Consumer credit" means credit which the obligor undertakes to pay in two or more payments, or any other credit: *Provided*, That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any accessory, insurance, or service connected with any such goods or any interest therein.

(2) "Real estate credit" means credit secured, either wholly or partly, by real property; credit for the purpose of purchasing or carrying real property or constructing buildings or otherwise improving real property; and credit involving a right to acquire or use real property. As used in this paragraph the term "real property" includes leasehold and other interests therein.

(3) "Credit" means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(4) "Person," in addition to the definition given it by section 502 (a) of this act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the criminal penalties of this subtitle shall not be applicable to the United States, any State, or other governmental agency or instrumentality.

SEC. 402. To assist in carrying out the objectives of this act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

SUBTITLE B—COMMODITY SPECULATION

SEC. 411. The Commodity Exchange Act, as amended (42 Stat. 998; 49 Stat. 1491; 52 Stat. 205; 54 Stat. 1059), is further amended by inserting at the end of section 4a the following:

"(5) (A) Whenever the President determines that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations or unwarranted changes in the price of any commodity, he may prescribe rules and regulations governing the margin to be required with respect to the speculative purchase or speculative sale of any such commodity for future delivery, or the maintenance of a speculative position resulting from such purchase or sale, on or subject to the rules of any board of trade, whether or not designated as a contract market under section 5 of this act: *Provided*, That no such rule or regulation shall be applicable to bona fide hedging transactions.

"(B) It shall be unlawful for any person to buy or sell, or accept orders for the purchase or sale of any such commodity for future delivery, subject to the rules of any board of trade, or maintain or carry a position resulting from such purchase or sale, unless margin funds or securities are deposited and maintained in compliance with the rules and regulations promulgated under this paragraph (5). No floor broker shall be deemed to have violated this paragraph (5) with respect to any transaction in connection with which he has acted solely in the capacity of floor broker.

"(C) All money, securities, or property deposited as margin shall be handled by the person receiving such margin in compliance with the requirements of section 4d (2), regardless of whether such person is a futures commission merchant as defined in this act, and, for the purpose of this provision, the term 'contract market,' as used in section 4d (2), shall be deemed to mean board of trade.

"(D) It shall be unlawful for any person to engage in soliciting or accepting orders for the purchase or sale of any commodity for future delivery on any board of trade, whether or not such board of trade is designated as a contract market, unless such person shall keep a record in writing showing the date, the parties to such contracts and their addresses, the commodity covered and its price, the terms of delivery, and the amount and kind of margin deposited. Such record shall be kept for a period of 3 years from the date of the transaction and shall at all times be open to the inspection of any representative of any agency of the United States designated for the purpose by the President.

"(E) For the purposes of this paragraph (5) the term 'commodity' shall mean, in addition to those commodities specifically mentioned in section 2 (a) of this act, any other agricultural or forest product or by-product.

"(F) For the efficient execution of the provisions of this paragraph (5), the provisions of section 21 of the Securities Exchange Act of 1934 (48 Stat. 899), as amended, are made applicable to the jurisdiction, powers, and duties of the President in administering and enforcing the provisions of this paragraph (5) and to any person subject thereto.

"(G) Sections 4a and 4i of this act are extended and made applicable to any commodity as defined in (E) above, and for the purposes of this paragraph (5) the term 'contract market' as used in sections 4a and 4i shall be deemed to mean board of trade."

TITLE V—GENERAL PROVISIONS

SEC. 501. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this act;

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations or orders, or amendments thereto, issued under authority of this act, and in their formation consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this act; and

(iv) in administering this act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

SEC. 502. As used in this act—

(a) The word "person" shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

SEC. 503. The President may delegate any power or authority conferred upon him by this act to any officer or agency of the Government and may authorize such redelegations by that officer or agency as the President may deem appropriate. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this act.

SEC. 504. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this act. Any regulation or order under this act may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of this act.

SEC. 505. (a) The President shall be entitled, while this act is in effect and for a period of 2 years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or sub-

ject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided*, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Informatiton obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than 1 year, or both.

SEC. 506. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this act to enforce any liability or duty created by, or to enjoin any violation of, this act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this act.

SEC. 507. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to title I of this act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 508. (a) No act or omission to act which occurs while this act is in effect, if requested by the President and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General not less than 10 days before making any request or finding thereunder.

(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

SEC. 509. The functions exercised under this act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

SEC. 510. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that act.

(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U. S. C., sec. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

SEC. 511. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this act by the President and such agencies as he may designate or create. Funds made available for the purposes of this act may be allocated or transferred for any of the purposes of this act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this act. Funds so allocated or transferred shall remain available for such period as may be specified in the acts making such funds available.

SEC. 512. If any provision of this act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 513. This act and all authority conferred hereunder shall terminate June 30, 1952, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate.

Mr. SPENCE (interrupting the reading). Mr. Chairman, I ask unanimous consent that the further reading of the substitute amendment be dispensed with and that it be open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. JACKSON of Washington. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, technically the United States is not at war. But when you look at the program of mobilization which we have set out for ourselves and the free world it cannot be denied that, for all practical purposes, we are embarking on a wartime program.

We are about to appropriate in the neighborhood of $15,000,000,000 for the purpose not only of arming ourselves but of arming other free nations as well. Our total defense expenditures for this year alone will exceed the total military cost of World War I.

We enter this period of mobilization with a fairly full economy. There is some slack, but not much. If we carry out our $15,000,000,000 mobilization program, we will use up that slack, and the pressures of inflation will begin to be felt in earnest.

Before, during, and after World War II we made some serious errors. Before and during the war we failed to control prices straight across the board, with the result that there were soft spots in the inflationary balloon, and the places where high prices tended to pop out hurt those people with fixed incomes and added to the already substantial pressures of inflation.

After the war we lifted price controls too soon. I am sure that the memory of 1947 and 1948, with the ever-creeping increases in the cost of living, is still fresh enough in all our minds, so that we realize how false were the arguments of those who claimed that the lifting of price controls would mean increased production and lower prices.

I voted consistently for price controls during the war and I voted against ending OPA when it was liquidated in 1946. I think that events have vindicated my position.

Now we are entering a period of total mobilization—a period that probably will not end next year or the year after. We know that we are in for a long, hard pull. Whether or not we are able to avoid a global war, our defense efforts will be gigantic over a period of years.

For even if we are able to put out the fire that has started in Korea, and even if we are able to prevent the outbreak of other fires in the world, we will still be faced with the greatest issue of our

time—that of winning over to our side the masses of the Asian world, not with words alone but with a better standard of living. Just as we are prepared to appropriate billions for military preparedness today, we may be called upon to appropriate large sums to try to bring the masses of poverty-stricken people in the world a better way of life. These masses form a sort of political vacuum in the world, and if the vacuum is not filled by the leadership of free nations, then it will most certainly be filled by the totalitarianism of the modern-day Communists.

There have been too many post mortems on dead bodies since June 25 and not enough constructive thought given to curing the diseases of the world of today and the world of the future—that is, the diseases of poverty, misery, and malcontent, which themselves have caused the spread of that global infection called communism.

Probably the most crucial factor in promoting the political and economic health of the world is a healthy American economy, for this is the fountainhead of the fight for freedom.

It is in a constructive spirit that I propose the following program to keep our economy healthy during the coming period of all-out mobilization:

First. An across-the-board price freeze, with a roll-back on prices to the June 25 level—that is, the level at which prices were when the Korean crisis began. This should serve notice to the profiteers that America will stand for no selfishness at a time of crisis. The only excuses for price increases are increases in costs of production—and you cannot tell me that costs have gone up 10 to 13 percent since June 25. It is true that some price increases may have been caused by an initial wave of "scare buying," but that seems to be slacking off now, and prices are still high. That can only mean one thing—someone is raking off the profits, and merely by taking advantage of the immediate situation.

Second. Appropriate steps should be taken to control consumer credit and installment buying, both of which have inflationary tendencies.

Third. The Government should be given flexible authority to curb speculation in the commodity markets. I say "flexible authority" because I believe the Government should employ its great stores of surplus commodities, where practicable, to stabilize the markets.

Fourth. I believe we should impose as soon as possible an effective excess-profits tax as the cornerstone of a tax program which will as nearly as practicable put us on a pay-as-you-go basis. I believe we ought to come closer to "pay as you go" than we did during World War II. It is generally recognized, I believe, that large deficits certainly add to the inflationary pressures by putting a great deal more money into the economy than the Government takes out. In my opinion, there should be little objection to a true "excess" profits tax, because war is not, never has been, and never should be a game of profit. I believe that any soldier in Korea would back me up on that.

Therefore, Mr. Chairman, I hope the House will pass an honest, realistic bill—a bill that recognizes that we are in for a long, hard pull.

Mr. Chairman, we are faced with an all-out job. Halfway measures will not suffice.

(Mr. JACKSON of Washington asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that the further reading of the committee amendment be dispensed with and that it be open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. WOLCOTT. Mr. Chairman, reserving the right to object, I assume the gentleman means by "committee amendment" the amendment which we are now reading as the original bill?

The CHAIRMAN. The gentleman is correct. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SPENCE. Mr. Chairman, there are six committee amendments on the desk.

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Amendment offered by Mr. SPENCE as a committee amendment: Page 30, strike out lines 14 and 15 and insert:

"(3) where the President finds that all other means of acquiring or obtaining the use of such property for the defense of the United States upon fair and reasonable terms have been exhausted."

Mr. RANKIN. Mr. Chairman, I move to strike out the last word.

(Mr. RANKIN asked and was given permission to revise and extend his remarks.)

[Mr. RANKIN addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. CELLER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I shall not speak on the pending amendment. I rise to make some observations about the fact that this bill will have no ceilings on what newspapers and publications may charge for advertising. We have the very anomalous situation that as the result of the power of the press everything that a newspaper buys is controlled, but everything that a newspaper sells is uncontrolled. Those boys up in the Press Gallery have their wages frozen but the advertising rate that the newspapers may charge is unlimited. All supplies bought by the press are controlled. Ad rates are limitless in price. Now, it is argued two-foldly, first, that it is in the interest of the freedom of the press; second, that OPA in the last war had such decontrol. I cannot see any freedom of the press involved. Nobody seeks to interfere with what newspapers may say or what they may not say. There is no interference with the editorial policy. There is no interference with any publication or nonpublication of news items. There is no question of freedom of the press involved. I am as much as anyone an advocate of free press. Therefore, as I said before, it is rather anomalous to protect the press in what it purchases and not to protect advertisers in what it buys from the press.

Now, just think for one moment what goes into the advertising lineage of a newspaper. Almost everything of the daily diet—everything of daily consumption—there are a thousand and one articles such as breakfast foods, clothing, drugs, medicines, drinks, soap, gasoline, toilet preparations, tires, automobiles. Think of all the ads that the department stores place in newspapers. If the price of those ads can be increased without let or hindrance that means that you and I who buy those products, which are the subject of those advertisements, must pay more therefor, because all the cost of advertising is saddled upon the consumer. And, to that extent you will stop the inflationary spiral. Apparently with newspapers, magazines, and publications the sky may be the limit. You cannot consider publications in a vacuum, unrelated to other commodities. Increased cost of ads increases the price of almost all commodities.

Now, it has been argued that we did not do it the last time; in the original OPA Act there were no controls on anything that the newspapers did with reference to the sale of their products or their services. Well, if we made a mistake once I do not think we should make a mistake a second time.

Everybody should be leveled down to size in an emergency of this character. We cannot worship newspapers as sacred cows. Newspapers are not sacrosanct. A newspaper is just as much a commodity when it comes to ads as a sack of potatoes or a suit of clothes, as far as price is concerned. There should be no exceptions whatsoever. It is ridiculous not to control advertisements in the newspapers. Let all, including publications, make sacrifices in this mighty war effort. None should be excluded.

You say there shall be no control of ads in newspapers, hence in order to equalize the situation you say there shall also be no control of outdoor advertising facilities. I can tell you that if ever there is a monopoly—and I know something about monopolies in this country—it is outdoor advertising. We roll out the carpets, as it were, for the outdoor advertising agencies. We say, "No; the sky is the limit as far as outdoor advertising is concerned, outdoor billboards."

Then we go a step further and we say that theater tickets shall be exempt from control. I ask you, come to New York and try to see a show called South Pacific, or try to see a show called Kiss Me, Kate, or The Happy Family. You will pay through the nose. The Shubert interests, that have a tremendous clutch upon the theaters in New York, have an absolute monopoly. They have ironclad control of these tickets. They get personally for distribution to their friends every night 50 tickets for South Pacific. Multiply 50 by 8 (eight performances a week) and then multiply by 52 weeks and you get over 20,000 tickets given to the Shuberts—given for nothing. What happens to those tickets?

Those tickets go to the speculators of New York. When you Members of Congress try to see that show, you may have to pay as much as $60 per seat—on a Saturday night. You pay that much if you want to go to see it. I had to pay an extravagant amount to see it.

With reference to the show called Kiss Me, Kate, the Shuberts get 40 tickets a night. Multiply that by 8 and 52. Those tickets primarily go to the speculators. There is no ceiling on the prices. Shuberts control 17 out of 29 theaters in New York City. They demand scores of choice seats for each performance. All these seats are routed to the speculators. There will be no ceiling on the price of these seats. It has been estimated that from $4,000,000 to $5,000,000 of such seats stem from South Pacific alone each year. They are to be uncontrolled. Most of that money goes south into the pockets of numerous individuals. They pay no admission tax. They pay no income tax. Yet, you play right into the hands of those malefactors by saying there shall be no ceiling on the price of theater tickets. I would say that some fifteen or twenty million dollars of such seats are involved each year covering the Shubert theaters in New York City and what happens in New York City theaters controlled by Shubert interests occurs in other metropolitan areas like Boston, Chicago, Philadelphia, and so forth. The evil is national and widespread. In conference I hope the conferees of the House will take a second look to the end that newspaper ads will be controlled and theater tickets will be controlled.

Mr. BROWN of Ohio. Mr. Chairman, I move to strike out the last two words.

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Chairman, I have listened with a great deal of interest to the gentleman from New York speak on advertising, theater tickets, newspapers, and so forth. I am sure he is a great expert on all of those human activities. But having spent something like 35 years in the newspaper business, and having gone through two world wars while I was in the newspaper business, I am well aware of a fact that the gentleman has overlooked, that whenever there is a scarcity of goods to sell and whenever rationing is in effect, there is very little advertising in the newspapers or over the radio or by any other means.

As a result of that situation, if you are to have free publications in America, the time comes when they sometimes have to adjust their rates in order to keep paying these men for whom such great tears were shed, the reporters and others who work for the press. The amendment which was offered to this bill by the gentleman from Pennsylvania [Mr. BUCHANAN] was simply offered for the purpose of doing that which was recognized as necessary in World War I and World War II to protect the right of the American people to get information. I would like to remind the Members that there have been those who for a long time have been fighting to control the free dissemination of news in America. Congress in its wisdom wrote this provision into the law during the early days of World War II simply to protect the right of the American people to get information without having those who would like to have a controlled economy foisted on us to break down all dissemination of news and to control it through prices and rationing. No one is compelled to buy advertising or to buy newspapers or magazines or billboard advertisements, if they do not want to do so. Competition in the market place fixes that. That is not a necessity of life and if they do not want to buy it, they do not have to, they can still eat.

Of course I do not know too much about theater tickets, except I know there is nobody from my little home town out in Ohio who is paying $60 for tickets to South Pacific. Whenever I reach the place that I cannot afford to buy a ticket to South Pacific, I will not go to see it, and I presume that, if the gentleman from New York is able to pay $60 for tickets to South Pacific, perhaps the people who take him for "suckerbait" can use the money better than he can.

But out in my section of the country we are not foolish enough to pay $60 to see any of your New York shows—we just do not do it. I know who is selling those tickets. I get their advertisements right along.

I am not an authority either on monopolies. The gentleman has investigated monopolies—whether he has ever represented any as an attorney, I do not know. But I do know he has investigated them. But there is no monopoly in the newspaper business, and I do not want to do that which has been suggested by some people who have attempted to destroy a free press by these so-called regulations—I do not want to say that there shall only be one newspaper in a city the size of New York. It just might be, I will say to the gentleman from New York, that, if there is only one newspaper in that city, it might disagree with him and it might end his valuable services to his constituents here in the Congress. So let there be a free press and let there be a free competitive market.

The gentleman from New York for a long while has stood up and fought against monopolies. He said he wanted free enterprise and that he wanted free competition in all lines. Well, let there be competition. If people want to pay whatever the New York Times desires to charge for advertising, let them buy that advertising, and if they do not want it, they do not have to buy it.

But let the New York Times and the other publications in this country continue to print and continue to publish. The same thing goes for radio and for television. The House of Representatives has acted on this question time after time, and we may be thankful that the Congress of the United States has indicated that it still wants a free press.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, we have heard a nice academic speech by my friend the gentleman from Ohio [Mr. BROWN], predicated upon the premise that there might be some effort to control a free press, and the free dissemination of news, as he said, but I know of no one who wants to do that.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. BROWN of Ohio. I want to say to the gentleman I am certain he is not interested in controlling the press, but that there were those in the Government and out of the Government during World War II who wanted to control the press of this Nation, and you and I and others stood against them. I am glad that you did so, and I hope you will continue to do so.

Mr. McCORMACK. I know of no one. The only thing done during World War II was in connection with newsprint and the allocation of it.

Mr. BROWN of Ohio. Will the gentleman yield further?

Mr. McCORMACK. Yes.

Mr. BROWN of Ohio. About the time that Mr. Henderson and others were talking about having only one store in a city and one newspaper. You know what I mean.

Mr. McCORMACK. Oh, I do not know what the gentleman means. All I know is that the Buchanan amendment has been adopted. It was offered by a Member of the House who is a Democrat. It was supported by other Members. I do know it was offered, because it was an oversight. It was unnecessary in the committee bill as originally reported out, because the committee did not cover controls, but it only became necessary when substitutes developed. That was quickly taken care of.

I might say I thoroughly agree with the gentleman from Ohio [Mr. BROWN] in discussing the freedom of the press, in the academic way that he did, that we need a free press, and that it will never be imperiled except by the press itself. There never will be any danger to a free press in America unless it comes from the press itself, when they do things that they should not do, and the American people become aroused and incensed, and I cannot see that that will happen.

I might also say that we stand valiantly for a free press. All Members of the House, particularly on the Democratic side, stand for a free press, even when we have in mind the fact that 84 percent of the press are against us. So we are firmly for a free press, despite the fact that 84 percent of the press supports the Republican Party. It shows how strongly we are imbued with the fundamentals of our Constitution and our way of life and our Government, when we are so strong for the maintainance of a free press, even when 84 percent of the newspapers of the country are against the Democratic Party.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. MILLER of California. And will the gentleman point out also that in order to help pay for the salaries of the people who work for the press, we subsidize it to the tune of about $160,000,000 a year.

Mr. McCORMACK. I am not going to get into that.

May I make this further observation, that while 84 percent of the press is Republican, I know that 84 percent of the employees of those papers are Democrats.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. BROWN of Ohio. I think the gentleman will agree that if the United States Government did not have a press and a radio to help disseminate news during wartimes, to help sell liberty bonds and to explain Government controls and why you ought to go along, and this, that, and the other things; and if the Government was required to pay regular advertising rates, there would not be this deficit which the gentleman mentioned existing, and we could reduce our rates and pay the men more money.

Mr. McCORMACK. I am not going to get into deficits. I agree with everything the gentleman has said about a free press. It goes even deeper than what the gentleman says, outside of the deficit. So all of us recognize the importance of a free press, but I recognize the ingenuity of the gentleman from Ohio [Mr. BROWN] in raising a straw man to knock down.

I want the RECORD to show that we are all for a free press and the free dissemination of news, but I wanted to make the further observation, for the benefit of the press, that they should be fair to all persons, and particularly to all political parties and candidates. Most of the 84 percent of the papers which are Republicans are fair in their news columns, but some are not. However, I hope they will profit from the experience that 435 Members of the House are firmly in support of the freedom of the press, and that as the coming campaign approaches they will be as fair to the Democratic Members in their news columns as they are to the Republican Members.

I might also say that the Boston papers are fair.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. BROWN of Ohio. Mr. Chairman, I ask unanimous consent that the gentleman from Massachusetts may proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BROWN of Ohio. May I say to the gentleman that I am humbly sorry that I at all disturbed the gentleman.

Mr. McCORMACK. Oh, no disturbance; this is a pleasure for me.

Mr. BROWN of Ohio. I am sorry; I was not intending to stick a needle into the gentleman.

Mr. McCORMACK. The gentleman is not sticking a needle into me; I am afraid I am sticking one into the gentleman from Ohio.

Mr. BROWN of Ohio. I am amazed at the reaction that has been obtained here. Of course, if the gentleman will just take time tomorrow to read the remarks of the gentleman from New York——

Mr. McCORMACK. The gentleman from New York [Mr. CELLER] is firm for the principles of a free press.

Mr. BROWN of Ohio. I am really sorry the gentleman has been disturbed or perturbed by what I have said.

Mr. McCORMACK. Do not put into my mind thoughts that I do not express.

Mr. BROWN of Ohio. I could not put anything into the gentleman's mind.

Mr. McCORMACK. If anyone is disturbed or perturbed it is my friend from Ohio.

Mr. BROWN of Ohio. I am sure the House will know who is disturbed.

Mr. McCORMACK. In this little friendly exchange——

Mr. BROWN of Ohio. I hope the gentleman is going to mark me down as being for a free press.

Mr. McCORMACK. Stronger than the gentleman is; I am not only for a free press, but I am for a fair press.

Mr. NICHOLSON. Mr. Chairman, I move to strike out the last word.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. NICHOLSON. I yield.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that the House dispose of the six committee amendments that are now at the Clerk's desk after the gentleman from Massachusetts has concluded. The committee amendments were reported unanimously by the committee.

Mr. JAVITS. Mr. Chairman, reserving the right to object, what is the intention of the gentleman from Kentucky with respect to other amendments or with respect to time for full debate? Can the gentleman tell us that?

Mr. SPENCE. It does not affect the other amendments. We merely want to dispose of the committee amendments which were unanimously reported.

Mr. WOLCOTT. Mr. Chairman, reserving the right to object, do I assume from the gentleman's request that he is going to offer the committee amendments en bloc?

Mr. SPENCE. We will be glad to have them considered en bloc; yes. I so modify my request, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. NICHOLSON. Mr. Chairman, if it will expedite things I will relinquish my 5 minutes in order that these amendments may be disposed of.

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendments:

Page 34, line 16, after the word "materials" and before the period, insert "including the exploration, development, and mining of strategic and critical metals and minerals."

Page 35, strike out lines 1 through 12, inclusive.

Page 40, line 19, strike out beginning with line 19 down through and including line 2, on page 41, and insert:

"(e) Any rules, regulations, or orders for real-estate credit shall not restrict loans made by private lenders to any percentage of value or maturity less than the maximum authorized for any loans of like classifications authorized to be made, insured, or guaranteed by the Government or any Government-owned agency or instrumentality, nor shall any rule, regulation, or order otherwise discriminate in favor of Government loans or Government-insured or guaranteed loans against private loans."

Page 43, line 22, strike out lines 22 through 25, inclusive, and insert: "*Provided*, That in the exercise of these powers, the President shall preserve the relative credit preferences accorded to veterans under existing law."

Page 55, line 4, strike out "June 30, 1952" and insert "June 30, 1951."

The CHAIRMAN. The question is on the committee amendments.

The committee amendments were agreed to.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 42, line 5, strike out all of paragraph 3, and on page 39, line 3, after the word "any", insert "consumer or real estate."

[Mr. WOLCOTT addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. MULTER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am not finding fault with what the gentleman from Indiana [Mr. HALLECK] said about the fine qualities of the gentleman from Michigan [Mr. WOLCOTT]. We all admire him. At the same time, that is no reason why this amendment should be adopted. You were told during the course of the day, as you were last week, that if you do not strike out these credit provisions of this bill you are going to interfere with the lifeblood of the economy of the country, and I think you all remember how indignantly the gentleman from Michigan rose to his feet last week when somebody said that the lifeblood of the boys fighting in Korea or anywhere else where they may be called upon to fight is just as dear to us as is the lifeblood of the economy of the country.

The gentleman in the White House, like the gentleman from Michigan, was also baptized by the fire of battle in the front lines. I think he is the same gentleman there with the same human qualities as he was when he sat as chairman of the Senate War Investigating Committee, and the same human being, with the same feelings when he was back home at Independence, Mo. We have entrusted without hesitation to our President, as Commander in Chief, the lifeblood of the members of our country's armed services. We can just as safely and just as unhesitatingly entrust to his care, control over the economy of this country.

That is precisely what you do by this bill when you impose price controls and wage controls. You also give the power to the President to requisition business, big and little, by this bill, with the power to allocate materials. There can be no reason why the banking interests of this country should be exempt from such controls. There is nothing so sacrosanct about credit that puts it beyond the power of this Congress to control it either directly or indirectly through the President or the Federal Reserve Board.

There is nothing new, despite what we have been told, about this proposal to give to the President the authority to control credit. If you will look at the Trading With the Enemy Act you will find that in 1917, and by amendment in 1941, we vested in the President the power to control credit. During World

War II he never found it necessary to control more than consumer credit. He did, as you remember, control it to an extent with regulation W during World War II, and that was lifted as soon as it was possible to do so.

The provisions you have in this bill now which the amendment seeks to strike are necessary and essential to the over-all control powers that we are seeking to give the President at the present time. You do not have to take my word for it.

Let me quote to you what the Federal Reserve Board itself says on the subject:

> Vigorous measures of restraint on private credit extension constitute the most important instrument immediately available for holding the line against an inflationary price spiral.

And then referring to this very measure we are considering now, this very language which he seeks to eliminate from this bill, the Federal Reserve Board says:

> The authority requested in the proposed Defense Production Act of 1950 would provide the means for applying further restraints and this authority is necessary.

That is what we were told on August 1, 1950. You might just as well have no controls at all, if you are not going to have credit controls. I urge upon you, as we did last week when we voted down a similar amendment, that you vote down this amendment, lest you gut the entire bill.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Indiana.

Mr. HALLECK. This amendment in this particular form has not been presented before, because it does not include real-estate credit or consumer credit. It goes only to general credit.

Mr. MULTER. This amendment seeks to strike out important credit provisions of this bill. Adoption of the amendment will deny to the President one of the primary things he asked for as necessary immediately.

You will make yourselves ridiculous in the eyes of the country if, after voting to the President stand-by wage and price controls which he says he does not presently need, you now deny him the controls he and the Federal Reserve Board tell you he must have now.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, may I direct a question to the Committee on Banking and Currency, especially the gentleman from Pennsylvania [Mr. BUCHANAN]? I should like an explanation of subsection (1), "Consumer credit," appearing on page 41. If the gentleman will remember, he and I sponsored the amendment that excluded from control rates charged by any common carrier or public utility, rates charged by any person in the business of selling or underwriting insurance, rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio or television broadcasting station, and so on, and also rates charged for any professional services, as well as other items.

If the gentleman will refer to page 41, beginning with the words "Consumer credit," the way the language reads it would seem to include any kind of credit that might be extended for services, say, by a doctor or by a lawyer. Does not the language, as you have written it on page 41, subsection (1) "Consumer credit," exclude the items we referred to in our jointly-sponsored amendment?

Mr. BUCHANAN. I might say that consumer credit as defined by the Federal Reserve Board would reinstitute a set-up similar to Regulation W. They very specifically outline certain items that are covered under consumer credit. In reference to rates that are charged by professional people for services rendered, those would not be covered under consumer credit.

Mr. FULTON. The same applies for any other item, then, that was in our amendment of exclusion?

Mr. BUCHANAN. That is exactly right.

Mr. FULTON. Such excluded items would definitely not be under the consumer credit control outlined on page 41, subsection (1)?

Mr. BUCHANAN. That is correct.

Mr. KUNKEL. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I know it is getting late, but there are several things in this I should like to call to your attention.

In the first place, when this was debated before, the main controversy occurred on the changes that were made in the real-estate credit. A lot of people thought that controls should be left over real-estate credit. The way the gentleman from Michigan has offered this amendment, it leaves real-estate credit exactly the way it is in the Spence bill, so that real-estate credit would not be affected at all. If that has been the determining factor in your previous votes, please keep in mind that this time it merely deals with the general credit provisions of the bill.

In the second place, in my judgment, there is nothing that is more important than this particular provision. The reason why we should hesitate to turn over complete authority over credit is that the credit of the country functions better and produces more if it is left in private hands within certain limits. The President has never used the authority he has to limit credit, and neither has the Federal Reserve Board; in fact, the Federal Reserve Board by supporting the price of Government bonds at a price higher than par has produced part of the inflation which we are now experiencing. There are many present methods of cutting down which have been ignored in the past, as the gentleman from Michigan pointed out in the statement he made earlier in the day.

I think this is such a drastic step I agree with the gentleman from Pennsylvania when he says that he doubts if anything would be done under this for some time. Therefore, I think we would do well to adopt this amendment, leaving intact the provisions regarding consumer credit and the provisions regarding real-estate credit, and hold off on this turning over of authority over all credit to the President until we have had time to give it a far better examination. As the gentleman from Michigan has pointed out, the same proposal has been defeated twice in the past.

It is an extremely serious step. I urge, in view of the fact that the main provisions of the bill and the ones that will be used are handed over to the President, even though this amendment is adopted, that you adopt this amendment and reserve action on the general broad credit provision until later. I might say to the gentleman from Pennsylvania [Mr. FULTON] that under that broad definition of credit, in my judgment, the President could certainly control the items to which he referred when he was questioning the gentleman from Pennsylvania [Mr. BUCHANAN].

Mr. MORTON. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. MORTON. Unless this amendment is adopted, if the bill remains as is, unamended, do I understand that short-term commercial credit can be controlled?

Mr. KUNKEL. I understand that definition of credit is so broad that you could even control transactions between two individuals. Furthermore, the Government now has complete power to devalue or depreciate the value of money. So it is more important than ever to hold off on the over-all grant of power with respect to credit.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. WOLCOTT. In line with the colloquy that has just taken place, may I refer the committee to the first sentence on line 5, which answers all these questions as to how broad this credit is. It says that credit means any loan, advance, or discount. All the rest of it is in addition to that. Credit means any loan, or any advance, or any discount, and it covers all kinds of credit of whatever nature.

Mr. JAVITS. Mr. Chairman, will the gentleman yield for a question?

Mr. KUNKEL. I yield.

Mr. JAVITS. May I ask the gentleman from Michigan [Mr. WOLCOTT], and I am sympathetic with what the gentleman is trying to do, but why does the gentleman feel that he has to strike out the rest of the paragraph and not just that one line?

Mr. WOLCOTT. Because all the rest of the paragraph must apply to credit other than consumer credit or real-estate credit, or it would not be here. You have the definition of consumer credit, and then you have the definition of real-estate credit, and then we have this definition of credit, which, of course, must be all other credit than consumer credit and real-estate credit.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. KEATING. Under the very drastic controls which we had during World War II, was there a similar effort made to control credit generally as is now being made?

Mr. KUNKEL. The only regulation on that which came to my attention is regulation W, which was only in connection with consumer credit.

Mr. BUCHANAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. SPENCE. Mr. Chairman, I ask that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. BUCHANAN. Mr. Chairman, what we are trying to do here is to attack this problem at the top level and to attack the problem of control in general at the credit levels, both general credit as well as real-estate and consumer credit.

There is now in excess supply some $10,000,000,000 in purchasing power and the problem is to drain off from the normal flow of demand for goods this excess purchasing power. It is estimated that if Regulation W were reinstated as we had it in World War II, that that alone would take care of some $3,000,000,000. If credits in general and real-estate credit, which are a very important part of this bill, were to be removed, it would tend to weaken the entire purport of this bill at this time.

In answer to the gentleman from New York, I might say that the Second War Powers Act and the Trading With the Enemy Act of 1917 did give these broad credit-control powers to the President at that time.

If we are to attack this problem without the many manifold controls that are necessary at the consumer levels, and focus our attention upon the higher levels, the producer or the distributor levels, you will be able to hold the economy in check to that degree. One who is familiar with the real-estate expansion, with consumer credit expansion, and with credit expansion in general, knows that those are the factors that tend to bring about this inflationary spiral rise. It is in the hope that we will be able to keep these things in control at the top levels, that we will be able to reduce the need for the obnoxious consumer level controls that are being advocated and will be necessary if we fail at the top level.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. McCORMACK. If I understand the minds of the Members of the House, a very great majority want legislation that will meet the present situation—limited controls and stand-by controls. The American people do. One of the most inflationary influences is credit.

Mr. BUCHANAN. That is correct.

Mr. McCORMACK. If this amendment is adopted, it takes away 50 percent of the power to control inflationary movements at this particular time?

Mr. BUCHANAN. It will take the lid off completely and create an inflationary spiral that will be impossible to keep under control.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. KEATING. I agree entirely with the gentleman from Massachusetts regarding the desires of the people.

My question is this: Apparently such control was imposed during World War I. It was not thought advisable to do so during World War II, when we had a much greater inflationary situation.

Mr. BUCHANAN. Oh, yes. That is contained in the broad powers given the President in the Second War Powers Act.

Mr. MULTER. The act of December 18, 1941. We gave the President the same power that we have in this bill to control credits. He delegated it to the Federal Reserve Board, and the very fact that we had the right to sell to banks was sufficient to hold the credit down.

Mr. KEATING. We who are not experts are told one thing by the gentleman from Pennsylvania and a different thing by the other gentleman.

Mr. MULTER. The gentleman from Pennsylvania has the book in front of him. He can read it.

Mr. BUCHANAN. It is there. It is in the original Trading With the Enemy Act, in the Second World War.

It is necessary to defeat this amendment. Otherwise, you will have no control at all.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

All time has expired.

The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

Mr. SHORT. Mr. Chairman, on that I demand tellers.

Tellers were ordered; and the Chairman appointed as tellers Mr. WOLCOTT and Mr. PATMAN.

The Committee divided; and the tellers reported that there were—ayes 151, noes 124.

So the amendment was agreed to.

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent to return to title II. I have an amendment at the desk which is agreeable to the other side.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BUCHANAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: On page 10, line 5, after the word "rentals" insert: "(a)" and on page 10, line 6, after the word "service" insert: "(b)".

Mr. BUCHANAN. Mr. Chairman, this is to clarify a previous amendment that has been approved, but does not exclude newsprint as one of the items. There was some question of interpretation. This is satisfactory to both sides.

Title 2 of H. R. 9176 contains, in sections 207 and 208, elaborate provisions for the review of price or wage stabilization orders. The provisions are apparently intended to apply to both types of orders, although they are appropriate only for price orders.

The appeal or review provisions are derived from those which were used for price orders in World War II. They may be summarized as follows:

Any person objecting to any regulation or order may file a protest with the President. This protest must be filed within 6 months, but if new grounds for the protest arise, as would normally be the case in a wage order, the protest may be filed within 6 months after the new grounds arise. A protesting party is entitled to a hearing before a board of review, if he so requests. The hearing is to be a full-fledged one, with witnesses subpenaed, and so forth. If the protest is ultimately denied the protestant may appeal to the Emergency Court of Appeals. Full-fledged judicial review before that Court is provided. Finally, decisions of the Emergency Court of Appeals are subject to review by the Supreme Court of the United States, on writ of certiorari.

These provisions are wholly inappropriate insofar as the wage stabilization orders are concerned, for the following reasons:

First, the War Labor Board, or whatever other agency is created to settle labor disputes, must have power to make prompt and final settlement of disputes if good labor relations are to be maintained.

Second, if a settlement of a wage labor dispute is not to become finally effective for 2 or 3 years, as would be the case under the review and appeal provisions of H. R. 9176, strife and unrest in the plant will be continued throughout that period.

Third, experience during World War II indicated that industrial unrest could be prevented only if the Government agency had power immediately to effectuate a final settlement.

Fourth, the considerations underlying a wage stabilization order will be of a general economic or sociological character. Judicial review of such orders would not in any event be useful or appropriate. In contrast, price orders frequently rest on a series of complex findings raising legal issues appropriate for judicial review.

Fifth. The decisions of the War Labor Board were not reviewable. The Smith-Connolly Act, which ultimately gave statutory authority for the Board, empowered the Board "to decide the dispute, and provide by order the wages and hours and all other terms and conditions (customarily included in collective-bargaining agreements) governing the relations between the parties, which shall be in effect until further order of the Board." It contained no provision for review of the Board decisions. The World War II experience was, in general, satisfactory, and it should not be departed from in the absence of some clear reason for doing so.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. BUCHANAN]

The amendment was agreed to.

Mr. SPENCE. Mr. Chairman, I move that the Committee do now rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SMITH of Virginia, Chairman of the Committee of the Whole House on the State of the Union, reported that that

Committee, having had under consideration the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, had come to no resolution thereon.

CORRECTION OF ROLL CALL

Mr. KEARNEY. Mr. Speaker, on the roll call on the motion to recommit H. R. 5976 today, I understand I am recorded in the affirmative when I should have been recorded in the negative. I ask unanimous consent that the RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

AMENDMENT TO FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

Mr. DAWSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 3959) to amend the Federal Property and Administrative Services Act of 1949, and for other purposes, with House amendments thereto, insist on the House amendments and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, is this agreeable to the Republican members of the committee?

Mr. DAWSON. Yes.

Mr. MARTIN of Massachusetts. Has the gentleman consulted with them?

Mr. DAWSON. Yes, I have.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. DAWSON, BOLLING, HOLIFIELD, HARVEY, and LOVRE.

CONFERRING JURISDICTION ON THE COURTS OF THE STATE OF NEW YORK WITH RESPECT TO CIVIL ACTIONS BETWEEN INDIANS OR TO WHICH INDIANS ARE PARTIES

Mr. LYLE, from the Committee on Rules, reported the following privileged resolution (H. Res. 747, Rept. No. 2844), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 192) to confer jurisdiction on the courts of the State of New York with respect to civil actions between Indians or to which the Indians are parties. That after general debate which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Lands, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

SETTLEMENT OF INTERCUSTODIAL CONFLICTS INVOLVING ENEMY PROPERTY

Mr. LYLE, from the Committee on Rules, reported the following privileged resolution (H. Res. 748, Rept. No. 2845), which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H. J. Res. 516) authorizing the President, or such officer or agency as he may designate, to conclude and give effect to agreements for the settlement of intercustodial conflicts involving enemy property. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

HOUR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on tomorrow at 10 o'clock a. m.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PERIODIC CENSUS OF GOVERNMENTS

Mr. MURRAY of Tennessee. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 7265) to provide for the conduct of a periodic census of governments, with Senate amendments thereto, disagree to the amendments of the Senate, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the bill we have been working on this afternoon be the first order of business tomorrow?

The SPEAKER. Yes.

Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none and appoints the following conferees: Mr. MURRAY of Tennessee, Mr. MILLER of California, and Mr. REES.

RECLAMATION PROJECT ACT OF 1939

Mr. MURDOCK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1922) to amend section 10 of the Reclamation Project Act of 1939, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Line 11, after "project", insert "*: Provided,* That, if a water users' organization is under contract obligation for repayment on account of the project or division involved, easements or rights-of-way for periods in excess of 25 years shall be granted only upon prior written approval of the governing board of such organization."

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

FIVE CIVILIZED TRIBES AND OTHER INDIANS OF EASTERN OKLAHOMA

Mr. MORRIS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 9219) to promote the rehabilitation of the Five Civilized Tribes and other Indians of eastern Oklahoma, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the bill?

Mr. MORRIS. I shall be glad to. This type of bill is usually referred to as a rehabilitation bill. It provides for the setting up of a revolving fund of $10,000,000 for the Five Civilized Tribes and other Indians in the State of Oklahoma. It is not a grant; it is merely a loan, except that 20 percent of it is nonreimbursable; 80 percent is a loan to rehabilitate these Indians and to help them become self-sustaining citizens in their economic life. This follows the pattern that has been set by this House in recent days. We passed two like bills for the State of Montana, introduced by our colleague, the gentleman from Montana [Mr. D'EWART], and two for our late and lamented colleague, the gentleman from North Dakota, Mr. Lemke. This bill follows the pattern.

Mr. MARTIN of Massachusetts. Is it a unanimous report of the committee?

Mr. MORRIS. It is.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection, Mr. Speaker.

Mr. TABER. Mr. Speaker, further reserving the right to object, how much money is involved?

Mr. MORRIS. There is an involvement of $10,000,000, but, as I say, it is a loan and not a grant, except 20 percent that is nonreimbursable.

Mr. TABER. I think this ought to come up under the regular rules of the House, Mr. Speaker, and I shall be obliged to object.

Mr. MORRIS. Would the gentleman reserve his objection for a moment?

Mr. TABER. Yes.

Mr. MORRIS. I will say this to the gentleman, that time is of the essence

here. As I suggested just a moment or two ago, we have passed four bills like this, I will say to the gentleman from New York: Two for the State of Montana of which the gentleman from Montana [Mr. D'EWART] was the author, and two for our late and lamented colleague, the gentleman from North Dakota, Mr. Lemke. This bill follows the pattern that we have set. These are loans for these Indians. The money is badly needed. These people are in dire circumstances; at least, some of them.

Mr. TABER. How many Indians?

Mr. MORRIS. Sixty-four thousand in all. There are 14,200 families altogether, approximately.

Mr. TABER. How many of them are wealthy?

Mr. MORRIS. I will ask the author of the bill, the gentleman from Oklahoma [Mr. STIGLER], to explain that in detail.

Mr. STIGLER. Mr. Speaker, these Indians may be divided into 4 groups. The breakdown is as follows: In group 1 there are 7 percent, who enjoy the highest standard of living. In group 2 there are 44 percent. They are in the middle class. They have comfortable homes. In group 3 there are 27 percent. They have low incomes and very, very bad housing, with difficult living conditions, but they are not on relief. Then in group 4 there are 22 percent, who have the lowest standard of living and very bad housing. They are all on relief.

Mr. TABER. I think I must object, Mr. Speaker.

Mr. MORRIS. I do not want to be too persistent on it, but I should like our general chairman to make a statement, if it is satisfactory to the gentleman from New York to reserve his objection for just a little while longer. Then I should like to make this final statement.

I realize how interested the gentleman is in economy. I appreciate his position. However, I honestly and sincerely believe that this will be as good an economic move as we could possibly made in this field. This is not a grant; it is a loan. It will keep them from coming back to our Government and asking for grants. It will rehabilitate them. It will give them a chance to furnish a living for themselves, and in the long run it will be a good, economic endeavor, in my judgment.

Mr. TABER. The trouble is, you are spending so everlastingly much money now. The Bureau of Indian Affairs is costing an enormous sum of money and we are not getting any results out of it. All this would be done under the direction of the Bureau of Indian Affairs, and under the direction of Dillon Myer, a notorious character. It just does not make sense to me. I must object.

Mr. NICHOLSON. If the gentleman will withhold his objection for a moment, may I ask him if this proposition is likely to save some money, would it be possible not to put it in the Department of the Interior for that Department to supervise?

Mr. TABER. I assume it goes into the Department of the Interior. That is the only place there is that handles Indian affairs in this country.

Mr. NICHOLSON. Would the gentleman from New York reserve his objection so that the gentleman from Oklahoma might explain?

Mr. TABER. I think the bill ought to come up in the regular way, under the regular rules.

The SPEAKER. The gentleman continues to object.

WADE H. NOLAND

Mr. BYRNE of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 2854) for the relief of Wade H. Noland, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 6, strike out "$145.50" and insert "$228.25."

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain the situation?

Mr. BYRNE of New York. I cleared this with the gentleman from Michigan [Mr. MICHENER]. There are three bills. The gentleman from Massachusetts, the distinguished minority leader, was sitting near him and I thought at the time that he spoke to him about it.

Mr. MARTIN of Massachusetts. I was not aware of it.

Mr. BYRNE of New York. I cleared it with the gentleman from Michigan and he approved this action on the three bills. I trust that is satisfactory.

Mr. MARTIN of Massachustts. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

PRESTON L. WATSON

Mr. BYRNE of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1056) to confer jurisdiction on the Court of Claims to hear and determine the claim of Preston L. Watson as administrator of the goods and chattels, rights, and credits which were of Robert A. Watson, deceased, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. BYRNE of New York, LANE, and JENNINGS.

EWA PLANTATION CO.

Mr. BYRNE of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 2233) for the relief of Ewa Plantation Co., a Hawaiian corporation, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. BYRNE of New York, DENTON, and JENNINGS.

(Mr. ANGELL asked and was given permission to extend his remarks at this point and include a resolution.)

DR. PAUL J. RAVER, BONNEVILLE ADMINISTRATOR, AN EFFICIENT AND DEPENDABLE PUBLIC SERVANT

Mr. ANGELL. Mr. Speaker, Dr. Paul J. Raver for many years has been Administrator of the Bonneville Administration and the Administration has its offices in my congressional district in Portland, Oreg. During my service in the Congress I have had occasion to observe the work of Dr. Raver and have found him at all times to be most cooperative and devoted to the heavy responsibilities resting upon him. He has done an outstading and noteworthy job in developing and administering the great public-power resources of the Pacific Northwest. He enjoys the confidence and esteem of the citizens of the Northwest and he has received many commendations for the outstanding job he is doing.

Based upon my long experience with the Bonneville Administration, in my opinion the recent criticism of Dr. Raver which appeared in the August Reader's Digest was wholly unjustified.

As a part of my remarks I include a resolution recently adopted by the Yamhill County Pomona Grange expressing the commendation of that organization for Dr. Raver's activities in which they say:

Resolved, That we express our commendation of Dr. Raver for his restraint in this attempt at character assassination, and reaffirm our faith and confidence in his proven integrity and the constructive leadership he has given to the great Federal power development of the Columbia River.

The following is the resolution in full:

We, the members of the Yamhill County Pomona Grange, wish to commend the Portland Oregonian for its alertness and aggressiveness in the public interest through exposing the editorial dishonesty and deliberate distortion of facts by the August Reader's Digest in an article entitled "What Does CVA Mean to You?", by Leslie A. Miller.

The article calls Dr. Paul J. Raver, Bonneville Administrator, a socialist, and links him with two other "old-time socialists," Stephen Raushenbush and Dr. Carl D. Thompson. These three, the article says, were "neatly placed in strategic spots for promoting their socialistic dreams."

The Oregonian not only secured an admission from Mr. Miller, the alleged author, that the socialist accusations were not written by him, but also an admission by Alfred S. Dashell, managing editor of the magazine, that the phrase calling Dr. Raver a "socialist" was inserted after Miller's article was accepted.

Furthermore, The Oregonian implied in an editorial July 25, that the Digest article may be a part of a national campaign by private utilities to discredit valley authorities and all public utilities with the label of socialism. Cited by The Oregonian was a booklet issued in January by the Electric Companies Advertising Program, which says, in part, "From the preceding charts it is apparent that to link our fight to the TVA question would run us into a lot of opposition, most of it

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 9 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MAYBANK to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 43, line 24, after the word "subsection" insert a semicolon and the following: "but the President shall make appropriate provision to prevent hardships and inequities to sellers who have bona fide contracts in effect on the date of issuance of any such regulation or order for future delivery of materials processed from raw materials, and particularly

from agricultural commodities, in which seasonal demands or normal business practices require contracts for future delivery".

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(h) No ceilings shall be established or maintained on products resulting from the processing of cattle and calves, lambs and sheep, and hogs, the processing of each species being separately considered, which do not allow for a reasonable margin of profit to the processing industry as a group on each such species.

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AUGUST 9 (legislative day, JULY 20), 1950
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of the big lie at home and abroad. The most brazen demonstration of that principle is now being provided for all the world to hear and see at Lake Success, where Jakob A. Malik, the Soviet representative, is misusing his office as President of the Security Council to foist upon the world a total and unabashed perversion of the facts to aid Communist aggression in Korea. His and his government's lies have been exposed many times both within the Security Council and through the notes and the White Book of the American Government. But it is still useful and pertinent to summarize both the Soviet lies and the answers to them, lest the magnitude of the former continue to confuse men's minds.

1. The Soviets assert, and Malik constantly reiterates, that the Korean war was started not by the Soviet puppets in the north, but by the South Korean Government, on the ground that the latter attacked first. This lie, which is unable to mention either a time or a place of the asserted South Korean attack, is contradicted not only by the whole course of the war, which demonstrates that the North Koreans are engaged in a long-planned and well-prepared invasion of a wholly unprepared South Korea, but also by the testimony of the United Nations Commission on Korea. This testimony is that up to the very day of the attack the South Korean Army was organized and deployed solely for defense, that it had neither the arms nor the equipment to undertake an invasion, being merely a constabulary force, and that it was the North Koreans who attacked by land, air, and sea with Soviet tanks, guns, and planes and in some cases from salients already established on South Korean territory.

2. The Soviets assert, and Malik reiterates, that the alleged South Korean attack was organized, prepared, and instigated by the ruling circles of the United States, in particular Defense Secretary Johnson, John Foster Dulles, and General MacArthur. Since there was no South Korean attack, the ruling circles of the United States cannot have instigated it, and were in fact wholly unprepared for hostilities in Korea, as the war shows.

3. The Soviets assert, and Malik reiterates, that the United States is guilty of aggression in Korea because its armed forces have "invaded" another state and Malik in particular cites a definition of aggression adopted by a League of Nations Committee in 1933 to prove his point. The answer is, of course that the American forces are not alone in Korea, but are part of a United Nations force attempting to suppress armed aggression under a mandate from the Security Council supported by all but a few of the United Nations members. In contrast, the Soviets are not only defying the United Nations by continuing to give aid and comfort to an enemy fighting the United Nations, but are themselves guilty of aggression under the very definition Malik cited, since they have supported armed bands invading the territory of another state.

4. The Soviets assert, and Malik reiterates, that the Security Council's enforcement action in Korea is illegal because it was decided upon in the absence of Soviet Russia and Communist China. This lie is refuted not only by the long list of precedents cited in the American White Book and approved by the Soviets themselves, but also by the very fact that Malik has undertaken to preside over a Council session in which Communist China is still absent. Unless the Soviets are willing to convict themselves of an "illegal" course they must acknowledge the legality of any action taken by a Council constituted as at present.

5. The Soviets assert, and Malik reiterates, that the United Nations in general, and the Security Council in particular, are under the dictation of the United States as tools and vessels of the State Department. The answer to that lie has been given by the independent action of all the states concerned, and most emphatically by Dr. Quevedo of Ecuador, who said that it is the Soviets who mistake the Security Council for one of their Arctic slave gangs.

6. Both the Soviets and Malik constantly harp on the theme of American or Anglo-American "imperialism," which is supposed to be trying to subjugate other nations and to extend the Korean war. This lie is refuted not only by the efforts of the United States and other nations to localize the Korean war but also by the whole record of the United States and the whole Western World which brought freedom and independence to the Philippines, India, Burma, Indonesia, and which are now trying to extend the same privileges to other nations, including Korea. If that be imperialism, then let the Soviets follow it and liberate the countries they now hold in bondage.

7. The Soviets assert, and Malik reiterates, that the war in Korea is a civil war in which neither Korean side can be an aggressor. That contention is refuted by the fact that the Soviets not only refused to acknowledge the only legal Government in Korea constituted under United Nations auspices but also set up their own puppet regime in a North Korean state, which is now waging aggressive war on the South Korean state and Government.

8. The Soviets assert that in bombing military installations and munitions factories used by the North Korean aggressors the American forces are resorting to barbaric methods of warfare because civilians are also killed thereby. The United Nations Commission has testified that the North Koreans were the first to resort to air warfare. The crime is represented by their aggressive war, not by the weapons used to suppress it.

9. The Soviets assert, and Malik reiterates, that the Soviets seek peace while the United States seeks war. But the peace the Soviets seek is the peace of the conqueror, which was also the aim of Hitler, who found the whole world, including Russia, in opposition to that aim. In contrast, the peace the United States aims at is peace in conformity with the principles of the United Nations, which call for the defeat of aggression.

10. Finally, the whole policy of the Soviet delegate at Lake Success is based on fraud and deceit. For while he dons the sheep's clothes of a member of the United Nations dedicated to peace, he is doing everything that an enemy of the United Nations could do to defy its will, its principles, and its aims. And that dual role which Malik plays is the biggest lie of all of them.

TEMPORARY APPOINTMENT OF REFEREES IN BANKRUPTCY

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 3921) for the temporary appointment of referees in bankruptcy, and for other purposes, which were to strike out all after the enacting clause and insert:

That subdivision c of section 43 of an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, as amended, is amended to read as follows:

"c. Whenever the office of a referee is vacant or its occupant is temporarily absent or disqualified to act, or whenever the expeditious transaction of the business of the court or courts of mankruptcy may require, the judge, or any one of the judges, may act; or the judge or the chief judge of the district may designate and assign temporarily any referee of the district to act; or the chief judge of the circuit may designate and assign temporarily one or more referees within the circuit to act upon presentation of a certificate of necessity by the judge or chief judge of the district wherein the need arises, or the chief judge of the circuit may order that pending cases be rereferred and future cases referred to one or more referees within the circuit; or the Chief Justice of the United States may designate and assign temporarily a referee from another circuit to act upon presentation of a certificate of necessity by the chief judge of the circuit wherein the need arises. No designation and assignment shall be made without the consent of the chief judge or judicial council of the circuit from which a referee is to be designated and assigned. All designations and assignments of referees shall be filed with the clerks and entered on the minutes of the courts from and to which made. The Chief Justice of the United States or a chief judge of a circuit or a judge or chief judge of a district may make new designations and assignments in accordance with the provisions of this subsection, and may revoke those previously made by him."

And to amend the title so as to read: "An act to provide for the temporary assignment of referees in bankruptcy, and for other purposes."

Mr. McCARRAN. Mr. President, the purpose of the bill is to add a new section to section 43 of the Bankruptcy Act. Section 43 as it now exists consists of three subsections—(a), (b), and (c). This bill, as it passed the Senate, would not change any of those three subsections, but would add a new subsection, to be lettered (d).

As amended and passed by the House of Representatives, the bill would not add a new subsection to the act, but would amend and change subsection (c).

It is my opinion that a conference on this measure is in order.

Therefore, I move that the Senate disagree to the amendments of the House, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. GRAHAM, Mr. KEFAUVER, and Mr. DONNELL conferees on the part of the Senate.

MRS. GLADYS J. SENYOHL McCARTHY

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 2234) for the relief of Mrs. Gladys J. Senyohl McCarthy, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. McCARRAN. Mr. President, on July 26, 1950, the Senate passed House bill 2234 with amendments. It is a private claim bill. The Senate amendments substantially reduce the amount of the award.

The House has disagreed to the Senate amendments, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and appointed conferees on the part of the House.

I now move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. McCARRAN, Mr. EASTLAND, and Mr. WILEY conferees on the part of the Senate.

Mr. WHERRY. Mr. President, I should like to inquire whether the appointment of those conferees has been carefully considered by the Presiding Officer or whether they are the appointees of the chairman of the committee.

The VICE PRESIDENT. The Chair will state for the information of the Senator from Nebraska that, under the rule, the Chair can appoint any Senators he wishes to appoint; but the Chair has followed the suggestion of the senior Senator from Nevada.

Mr. WHERRY. I thank the Chair.

DEFENSE PRODUCTION ACT OF 1950

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business, Senate bill 3936, which the Committee on Banking and Currency has reported with a complete substitute for the original text of the bill. The substitute will be regarded as the text of the bill, for purposes of amendment; and amendments desired to be proposed by the committee, if any, will be given priority consideration.

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Mr. MAYBANK. Mr. President, I wish to state that I am very glad the Chair has explained the parliamentary situation regarding the bill, because there are several amendments which I submitted on yesterday or the day before, about which I had talked to as many of the committee members as I could. Those to whom I talked authorized me to submit the amendments. Unfortunately I was unable to talk to some of the committee members, and I wish to state that no member of the committee is bound by the amendments; but I trust that the Chair will rule that they are committee amendments, even though they were submitted after the committee reported the bill.

Mr. President, Americans are fighting and dying in Korea today. We must give them the backing they need to carry out the job. Prompt and vigorous action by the country is necessary.

On June 25, the Communist forces of northern Korea invaded the Republic of Korea in an act of deliberate, unprovoked aggression. The forces of the United States, in cooperation with the United Nations, moved promptly to the defense of the Republic of Korea, and since then have been waging a gallant battle.

On July 19, the President transmitted to the Congress a message recommending for our consideration legislation to enable him to meet the situation effectively. On July 19, as chairman of the Banking and Currency Committee, I introduced the original Senate bill 3936. I stated at the time that the bill had been introduced by request, and that hearings would be held.

The following week, on Monday morning the committee commenced public hearings, and all witnesses who requested to be heard were given an opportunity to testify. The witnesses were representative of all groups who desired to be heard; and, in addition, we filed statements for certain witnesses who did not desire to appear in person.

We completed these public hearings, and then your committee met in executive session for more than a week, holding morning and late afternoon meetings. Many amendments and changes were offered by members of your committee, as well as by other Members of the Senate. All were very thoroughly discussed and carefully considered, and many changes were made as a result of the various proposals. This was not surprising, in view of the nature of the problems confronting the country and the nature of the remedies necessary to solve these complex problems.

The committee, after amending and changing the original bill, determined that there also should be added additional titles which would authorize permissive controls which the President could use if the home-front situation became worse. These additional controls and permissive powers were not requested by the administration but the committee believed that in view of the speculation, hoarding, and purchases of national-defense materials by individuals and companies, it would be best to give the President these powers to use unless the situation remedies itself. The authority for additional controls is contained principally in titles IV and V.

Under date of August 1, the President sent a special letter to me, as chairman of the committee. The substance of the letter was a statement of the urgency of immediate action on the original bill. The letter further stated that if it was the desire of the committee to recommend additional legislation, he, of course, would accept the legislation, provided it was flexible enough to permit its exercise only when the situation demanded.

After the committee had considered the letter, and believing the situation to be such that additional legislation should be included in this bill, the committee added provision of authority for additional controls.

It was a privilege for me, as chairman of the committee, to have the support of the entire committee in expediting the handling of the proposed legislation which is now before the Senate. I am appreciative of the cooperation on both sides of the aisle and wish to commend the ranking Republican member present, the Senator from Indiana [Mr. CAPEHART] and the other members for their cooperation with the Democrats in reporting the bill, even though some of the members differed materially on some of the titles. Nevertheless, we worked together to get a bill to the Senate floor; and I feel certain that we shall work together to get the bill passed as quickly as possible in whatever form, of course, the Senate finally decides upon.

Time is of the essence, as the President has stated, and as the American people know. It is unnecessary for me to go into the lengthy testimony given the committee by all the witnesses. The Senate has before it the hearings and the report.

Let me say in connection with the report that the staff of the committee finished the report at 2 o'clock this morning. I understand this is the first report the Senate has ever received in which direct references are made in the body of the report to the corresponding titles and pages of the bill, thus making it easy for Senators to read the report and to study the bill in connection therewith. I wish to express my appreciation to the staff for the work they have done in that connection. Not only did they work until 2 o'clock this morning, but they worked until midnight on Sunday and until 2 or 3 o'clock in the morning almost every night for the last 2 weeks.

The report on the production-control bill will, I believe, be of material assistance in helping Senators and the public to understand many of the complicated provisions of this bill. The committee made numerous suggestions to the staff in connection with preparation of the report, and it contains much legislative history.

Mr. President, I also wish to pay my respects to the legislative counsel who for 3 weeks have worked tirelessly and endlessly on this bill.

In order that Senators may be able to study this very complicated piece of proposed legislation with the maximum of ease, they will find throughout the report for each title under discussion a page reference to the bill.

They will also find on page 8 a short but comprehensive summary of the whole pill.

Our productive capacity is incredibly vast, Mr. President, our total output of goods and services is at the rate of almost $270,000,000,000 a year; our overall capacity to produce has increased by 40 percent since 1940. This huge economic machine was running at top speed in June, and even then demand was outrunning supply.

Now, we must immediately divert at least $16,000,000,000 of this production to military purposes, and we must be in a position to divert even more if the military situation becomes worse. Mr. President, we all hope it will not become worse, but we believe that power should be given to the President to make the diversion if there should be such an eventuality.

There is no question in the mind of any Member of this body that we will give the military whatever is needed, regardless of the sacrifices we must make. Time after time members of the committee, Republicans and Democrats alike, said they would give the military whatever may be needed, regardless of sacrifices we might be required to make. But we must not forget two things:

First, our military strength does not consist solely of our soldiers, sailors, and air-force men, of their guns and ships and planes. Our real strength is in our

productive economy and our way of life. These are the things which produce the men in the armed services, and the munitions of war they use, and the vast transportation and supply system which takes the men and the munitions where they are needed. In directing materials to military purposes we must be sure not to defeat our purpose by depriving our factories, utilities, and transportation systems of materials they need in order to produce munitions.

Second, our free economy and our democratic way of life are also necessary to our national defense, as much as our military forces and our productive facilities. In putting ourselves in a position to resist aggression, we must not so weaken our economy and injure our way of life that, even in the midst of military victory, we would lose that which we are seeking to defend.

Keeping these things in mind, your committee considered the various proposals put before it. From the first, it appeared clear that substantial authority over materials and over credit was essential. Your committee, therefore, reviewed these controls carefully and approved them—priority, allocation, and requisitioning authority over materials and facilities; financial assistance to increase the supply of materials and facilities; and authority to control consumer and real-estate construction credit. These are now contained in titles I, II, III, and VI of the bill. Generally these powers are the same as those given to the Government in World War II.

While the control over real-estate construction credit was not vested in the Government during World War II, the complete control over construction exercised then made such controls unnecessary. I refer to the War Production Board and to the OPA regulations regarding critical materials. The provision in the pending bill may reduce the need of immediate and burdensome restrictions on building. In other words, we put that matter under the Federal Reserve Board, hoping that with that restriction it would be unnecessary to return to War Production Board and OPA orders.

The principal change which arose in the course of the committee's review of the bill was the proposal to authorize controls over prices and wages.

Much testimony was presented to your committee about increasing prices, and the danger that wages and prices might start to spiral upward. Many indications were received that severe hardships were being imposed on consumers and industry. There is danger that these hardships may increase as the result of increased military demands. Inflation would result in great harm to our economy. It would also, in our judgment, impair the national defense.

Your committee considered the various proposals made to it for price and wage controls in the light of these points, and, after the most thorough consideration, reached general agreement on the measures reported. I say general agreement. Certain members of the committee had other ideas about some titles or sections.

Under these measures, the first reliance is placed on the voluntary self-restraint and discipline of consumers, industry, and agriculture. Mr. President, I wish to impress upon the Senate the fact that the first thing we did was to suggest the voluntary self-restraint program, which is contained in title I. Patriotic Americans can do much, on an individual basis, to prevent hoarding and unwarranted price increases.

Selective price and wage controls are also authorized. Where prices of individual materials can be controlled, without undue effect upon other materials, less interference with ordinary business practices will result.

General price controls are also authorized, to be used if the President deems this necessary. Price control on retail sales and rationing are authorized, either on a selective or a general basis.

Your committee recognized that prices and wages must be tied together; that price increases must not be allowed to such an extent as to make necessary wage increases; and that wage increases must not be allowed to jeopardize price stabilization.

The bill provides that wages must be stabilized in an industry where prices have been placed under ceilings, if the wage increases would cause increases in the price ceilings or would place an undue burden on the producers.

The bill also provides that wages must be stabilized generally when price controls have been imposed on a substantial part of the economy.

However, because of your committee's desire to interfere as little as possible with the functioning of our economy, the bill does not require the President to freeze any prices or wages at once, or at any specified time. Our economy is so intricate and complex that the Congress cannot draw blueprints and make inflexible plans to cover all future situations.

The powers granted in this bill are great. Their very flexibility, so necessary to accomplish our purposes without harm, raises the possibility of abuse. Your committee considered the possibility of limiting the powers or imposing arbitrary restrictions on the President. Your committee did not adopt this negative view. Instead, reliance was placed upon requirements of consultation with industry and other persons affected by regulations and on the watchdog committee set up in the bill. These positive measures to protect the public interest will be more valuable, in our judgment, than any negative measures we could have provided.

This is a solemn moment in our Nation's history. We must choose the right course. If we sit idly by and do not take vigorous action now, the Nation may be in trouble. If we set up what could lead, if unchecked, to an uncontrolled dictatorship, the Nation, as we know it, may also be in trouble.

We must and we will steer between these two dangers. However hard the task, we must, and with God's help we will, carry on our Nation's heritage of freedom and democracy.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Nebraska?

Mr. MAYBANK. I yield.

Mr. WHERRY. I should like to ask the distinguished Senator from South Carolina whether he feels that the all-out controls and powers which are granted are necessary at this time. I ask the question in all sincerity. We have been told by the President that the only thing confronting us is a police action in Korea.

I should like to ask the Senator further, in connection with my first question, whether evidence has been taken which enables him to speak authoritatively as to what the situation is. Is there merely a police action in Korea at the present time, or is it a fact that we have an all-out war confronting the American people? It seems to me that if we get the right approach, there will be no difficulty in passing legislation that may be needed at this time. But I think it will be very difficult for the people of this country to accept the delegation of powers requested in this bill, if all that is involved is an incident in Korea. I should like to have the Senator's views on those matters.

Mr. MAYBANK. The Senator is asking several questions at once.

Mr. WHERRY. They are all related, though the principal question is difficult.

Mr. MAYBANK. It is a difficult question. Since the Senator from Nebraska is, with me, a member of the Appropriations Committee, he has heard General Bradley, Secretary Symington, Admiral Forrest Sherman, and other members of the military. If I thought that only an incident was involved at the present time in Korea, I should not be before the Senate with this bill. But I am fearful something else may happen. I am hoping and praying to God—and I say it with all reverence—that something worse will not happen. But I do not want to see the Committee on Banking and Currency make a mistake by merely presuming that nothing worse will happen. These are permissive controls. The President may only put them into effect after certain consultations, and then, in many instances, only after other means have been exhausted.

Mr. WHERRY. Mr. President, will the Senator yield for another question?

The VICE PRESIDENT. Does the Senator from South Carolina yield further to the Senator from Nebraska?

Mr. MAYBANK. I yield.

Mr. WHERRY. Am I to understand from the chairman of the Committee on Banking and Currency that it is his personal view that the situation is so acute that it is absolutely necessary that these standby controls be authorized by the Congress?

Mr. MAYBANK. The Senator, in using the word "acute," though it is a small word, it has a very comprehensive mean-

ing. I feel that the situation is such that, in its wisdom, the Senate would be wise to entrust these powers to the President of the United States, who is also Commander in Chief of the Armed Forces and who is the only one to whom the powers can be delegated, so that, in event the situation became worse, he might use them.

Mr. WHERRY. Mr. President, will the Senator yield further for a question?

Mr. MAYBANK. I yield.

Mr. WHERRY. I have been unable to read the hearings overnight, but is there any evidence at all in the hearings which indicates that in the opinion of the witnesses the situation is about as the distinguished Senator himself views it?

Mr. MAYBANK. I would not say it is in the hearings, but we did hold executive sessions to hear General Bradley, Mr. Symington, and others. I do not want to be an alarmist. I hope the Korean incident will soon end. It was the judgment of the majority of the committee, after the hearings, that some type of permissive controls should be put into effect. We heard from witnesses representing business, commerce, farms, veterans, and Government. Secretary Sawyer, Mr. Symington, and General Bradley were among those representing Government. The hearings will show that there has been quite a price increase caused by the war scare. Rubber went up 23 cents a pound. The Government has to have raw rubber for use in the construction of tanks and planes. The hearings will show that there has been a sharp rise in the cost of living, since the Korean invasion, which has already had a serious effect on our economy.

Mr. WHERRY. I know what the Senator refers to, and I appreciate the viewpoint of the military on the question. I am asking this question in all sincerity. Would it not be easier to go ahead and pass a control bill, if we had the proper approach? If the Korean difficulty is only an incident, as the distinguished Senator referred to it a moment ago——

Mr. MAYBANK. The last time General Bradley appeared before the Appropriations Committee he used the words "national defense" and "emergency." The members of the committee desired to cooperate as fully as was possible with the United Nations. So there were words used here and there which tied in with the United Nations. The Senator knows the details, and I do not think it is proper to discuss them at any length on the floor.

Mr. WHERRY. I do not want in any way to bring up any points that should not be discussed.

Mr. MAYBANK. I am only trying to get the bill passed. The President wrote a letter with reference to stand-by controls, and after hearing the witnesses the majority of the committee thought this was the wise thing to do.

Mr. WHERRY. Does the Senator feel that if the Korean war is only a police action or an incident, which will level off, it will be necessary to put these controls into effect?

Mr. MAYBANK. Mr. President, I do not want the American mothers and fathers of the boys who are being killed in Korea to feel that we believe this is merely an incident. We know it is really a war.

Mr. WHERRY. That is the very point I wanted to raise.

Mr. MAYBANK. I do not hesitate to express my opinion. I am speaking only for myself.

Mr. WHERRY. It seems to me that the questions which I have asked are pertinent. It makes all the difference in the world as to the controls which should be granted and those which should not be granted. If the time is here, and if the military asks for necessary appropriations and controls, that is one thing; but if it is anticipated that there will be a leveling off in the Korean situation, it is an entirely different thing.

Mr. MAYBANK. The Senator from Nebraska and I were among the few Members of the Senate who supported the 70-group Air Force. The Senator from New Hampshire [Mr. BRIDGES] and I were among the few who voted to increase the Navy. My view is that if the Korean situation is only temporary, the United States should properly prepare itself for all time so that such an incident shall not again occur. If we had spent in 1946 a few billion dollars, we would not be called upon now to appropriate $16,000,000,000 or perhaps $30,000,000,000 in order to regain our prestige in the world.

Mr. WHERRY. Mr. President, I do not want to belabor the point any further at this time. I wanted to get the reaction of the distinguished chairman of the committee, who has heard all the testimony, as to the absolute need of controls and how far, in his judgment, Congress should go. I feel that the observation made a moment ago was constructive, namely, that the approach to this subject depends entirely upon what confronts the people of the United States of America.

Mr. MAYBANK. In the future.

Mr. WHERRY. In the future. I certainly feel that we are now in a state of confusion. I do not want to be anything but constructive in this matter, but we are told, as the Senator well knows, that we have got to prepare for the amounts which will be requested when the additional appropriation bills finally reach us, and that they will stagger the American people.

Mr. MAYBANK. That is correct.

Mr. WHERRY. On the other hand, we are asked to view this Korean situation as a police action. If that be true, I feel that the American people will not be prepared to go as far as they would otherwise be obliged to go and, no doubt, would go, if the situation were presented to them in the way in which I have presented it in questioning the Senator from South Carolina.

Mr. MAYBANK. In my own humble opinion, as chairman of the committee, I think it was called a police action for certain understandable reasons. I do not think the mothers and fathers of the boys think it is a police action. I have voted for the necessary appropriations and so has the Senator from Nebraska. I am not going to discuss that phase of the question; but I want to call the Senator's attention to the fact that the Senator from New Hampshire [Mr. TOBEY] was present most of the time and did a wonderful job. When he was absent the Senator from Indiana [Mr. CAPEHART] was the one who suggested the watchdog committee. I was the only one who voted against it, because I did not feel that I should be voting to appoint the committee myself. But we have in it a committee which I think will be able to stop any excess in connection with regulations or rules such as many of us would have liked to have done in the OPA days.

I invite the Senator's attention to that committee. I know the Senator from Indiana [Mr. CAPEHART] will speak concerning it.

Mr. WHERRY. Possibly I can bring forcefully to the attention of the Senate one matter which provoked the questions I asked of the Senator this afternoon. One of the amendments which the distinguished Senator has offered as a separate amendment to title B of the bill provides as follows:

> (h) No ceilings shall be established or maintained on products resulting from the processing of cattle and calves, lambs and sheep, and hogs, the processing of each species being separately considered, which do not allow for a reasonable margin of profit to the processing industry as a group on each such species.

Mr. MAYBANK. On page 32 of the report it will be seen that the Senator from Virginia [Mr. ROBERTSON] and I brought that up, and we wrote a section which would cover not only the situation referred to in the amendment which the Senator has just read, but other situations. In World War II—I do not remember whether it was in 1941 or 1942—when the distinguished Vice President was a Senator, he and my good friend the Senator from Ohio [Mr. TAFT], with whom I served on the committee, and Representative BATES, offered an amendment in the form of a bill to take care of such situations. It should have been offered as an amendment to the bill which was passed, but it was not, and when it was put into effect it was rather late, because of the gray and black markets on beef, as the Senator from Nebraska remembers. That is why I have offered this amendment as a committee amendment.

Mr. WHERRY. This is the time of year when feeders are buying lambs.

Mr. MAYBANK. To put into feed lots.

Mr. WHERRY. Yes. As always, when we apply controls, there is apprehension as to what the prices are going to be.

Mr. MAYBANK. Let me say to the Senator that we are not imposing controls; we are only providing permissive controls to be used if the situation becomes worse.

Mr. WHERRY. If the situation is such that only controls which are absolutely necessary are to be applied, such as those related to strategic materials, and so forth, that is one thing. If we provide stand-by controls which affect the livestock industry, as is suggested by

the amendment—of course of a discretionary nature only—it will affect to a great degree what will go into the feed lot and what will not go into the feed lot in the next 6 months.

Mr. MAYBANK. If the President deems it necessary to use the permissive controls in case conditions should grow worse, section 709, on page 74, would go into effect. It reads:

SEC. 709. The functions exercised under this act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof. Any rule, regulation, or order, or amendment thereto, issued under authority of this act shall be accompanied by a statement that in the formulation thereof there has been consultation with industry representatives, including trade association representatives, and that consideration has been given to their recommendations, or that special circumstances have rendered such consultation impracticable or contrary to the interest of the national defense, but no such rule, regulation, or order shall be invalid by reason of any subsequent finding by judicial or other authority that such a statement is inaccurate.

I think the Senator knows me well enough to know that I believe in free enterprise. We have tried to include in the bill every safeguard we could think of. Some people think we should not do anything, some think the bill goes too far, while others think the bill does not go far enough. We have tried to go down the middle of the road.

Mr. WHERRY. I thank the Senator for his observation. In that respect I think the committee has done the best it could do with the evidence which was presented.

Mr. MAYBANK. I thank the Senator.

Mr. WHERRY. I believe that there are different schools of thought on the subject of how far controls should go. Take, for example, strategic materials, such as steel.

Mr. MAYBANK. We have taken into consideration the remarkable progress which the steel mills have made. We have made available funds for their expansion, and so forth. We are not here to knock anyone down, as the Senator knows.

Mr. WHERRY. The Senator made the point that there are different schools of thought.

Mr. MAYBANK. Some people recommend that we should put the ceilings into effect immediately.

Mr. WHERRY. The different schools of thought arise from the approach one takes to the bill. Before we can take the proper approach the American people and Congress must know what is in the mind of the administration as to the future which confronts the people of the country. If we knew what was in the mind of the administration, there would not be so much difficulty in granting controls which are asked for in this bill or any other bill.

Mr. MAYBANK. I agree with the Senator, but there is no person who can answer the Senator's question. The President cannot answer the question. The Senator knows that no one knows what will happen in the future because of the activities of the Communist satellite and other nations. We simply wish to be prepared and on guard. I cannot answer the question of the Senator.

Mr. WHERRY. I have had many telegrams from feeders, many of whom are personal friends of mine, and I want to say that an amendment of this kind on stand-by controls would have a definite effect on the price of lambs and also on the number of yearlings that will go into the feed lots. If the situation is so severe that the administration must bring forward a provision of this kind, that is one thing.

Mr. MAYBANK. I want to say to the Senator that I never spoke to the President about stand-by controls. He never asked for them. After hearing witnesses, and receiving hundreds of thousands of telegrams and letters which came to the members of the committee and the committee itself, it was felt by the committee, in its wisdom that it would be proper to grant standby controls, because as the Senator knows, the Army, Navy, Marine Corps, and the Coast Guard will come to Congress and ask for billions and billions of dollars.

Mr. WHERRY. I shall not ask any further questions of the Senator at this time. I wish to say, however, that this case illustrates what is in my mind and in the minds of a great many people today relative to what controls should be invoked on a standby basis, or otherwise. So far as the junior Senator from Nebraska is concerned, if we knew what was in the mind of the administration—I do not mean the military, but the administration—and what might be put into effect in the nature of controls, it seems to me we could approach the matter with a great deal more assurance. Under those circumstances I believe not only Congress but the American people would be glad to give the controls which are necessary to meet the situation. If we do not know, we are really putting into a strait-jacket discretionary controls, which will be very difficult to take off, as in the case of the amendment to which reference has been made, which would seriously affect the production of meat, a commodity absolutely needed at this time.

Mr. MAYBANK. I should like to call the Senator's attention to the report. The Senator knows that the American people today want something to be done to stop the excessive buying of sugar, meat, lamb, and so forth. I would like to say something on the floor with respect to lumber. I wish I could divulge what was told the committee in executive session. I wish I could tell what has happened to the lumber which the Army and the Navy needed in Alaska. There has been what amounts to a racket in connection with the lumber industry.

Mr. WHERRY. I am not disputing that fact. I am not talking about the merits of controls or the justification for controls. I simply wish we could find out what was in the mind of the administration. If it is not contemplated that controls such as are included in the so-called meat amendment will be used this fall, it would make a terrific difference in the production of livestock. I refer to the livestock that would be placed in the feed lots, which produce the meat which is absolutely needed.

Mr. MAYBANK. I merely wish to tell my good friend from Nebraska that all I know of what is in the mind of the administration will be found at page 20 and 21 of the committee report in a letter which the President wrote to me, and which I now ask to have printed in the RECORD as part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEAR MR. CHAIRMAN: I am writing you in response to your request for my views on the expressed desire of various Members of the Senate to add to the defense production bill (S. 3936) some kind of authority for direct controls over wages, prices, and the distribution of goods to consumers.

It is urgently necessary that the Congress act on the defense production bill without delay. If this measure is enacted promtly, we can do a great deal to ease the economic adjustments which our defense effort will require. At the same time, we can continue on an expedited but careful basis, our planning and preparation for other economic controls, if and when needed.

Of course, there is no objection, in these circumstances, to enactment of additional stand-by control powers which the President could invoke when the need arose. Before my message of July 19, I gave careful thought to the desirability of asking at once for stand-by authority to control prices and wages, and to ration at the consumer level. I refrained from making this proposal to the Congress because it seemed more important to obtain quick action on the powers contained in the defense production bill. To have included a request for stand-by controls might, it seems to me, have dangerously delayed enactment of the immediate program, while the Congress considered these broader authorities. My recommendations of July 19, were designed to meet the problems immediately before us.

The Congress, in its judgment, may now want to make price, wage, and rationing controls available, on a stand-by basis, for use if and when needed. But if the Congress were to take this course, the following conditions appear essential.

First. These additional controls should be supplementary to, and not in lieu of, the basic powers already contained in the defense production bill. The production aids and limited controls for which I have asked, are essential now.

Second. We cannot afford to bog down or delay in enacting what is needed at once, and supplementary provisions should be added only if they do not prolong consideration or delay action in either House.

Third. Any provisions relating to prices and wages should not set up a rigid formula or freeze in advance of experience. If these powers are now made available in advance of widespread need, it is simple common sence that they must be written in a form which allows wide discretion and flexibility as to the method and place and timing of application.

Fourth. For the same reason, any grant of price and wage authority should leave open the question of the method of administration. This should remain flexible, because it cannot be separated from the question of the extent to which price and wage controls actually might have to be applied.

If these reasonable conditions can be met, I should have no objection to the granting of authority beyond that requested in my message of July 19. But if, for any reason, these conditions cannot be met, I urge strongly that the Congress move at once to

enact the defense-production bill without including these additional powers.

Very sincerely yours,

HARRY S. TRUMAN.

Mr. MAYBANK. That is the letter which the President wrote to the committee. The committee thought that the President should have some stand-by controls. There has been some talk about recessing, and so forth. I know we will not recess.

Mr. HICKENLOOPER, Mr. TAFT, and Mr. HOLLAND addressed the Chair.

The PRESIDING OFFICER (Mr. STENNIS in the chair). Does the Senator yield, and if so, to whom?

Mr. MAYBANK. I yield first to the Senator from Iowa.

Mr. HICKENLOOPER. I should like to ask the Senator from South Carolina a question after reading a statement appearing in this morning's Times-Herald under the by-line of Mr. Walter Trohan. The statement reads:

A persistent but unconfirmed report has it that Mr. Truman has promised CIO President Murray another round of wage increases before any freeze of wages.

Mr. MAYBANK. I may say that I have met Mr. Murray, but I do not know what he and the President have talked about. I have not seen the President.

Mr. HICKENLOOPER. I am reading the statement which says:

A persistent but unconfirmed report has it that Mr. Truman has promised CIO President Murray another round of wage increases before any freeze of wages.

The question that I should like to ask the distinguished Senator from South Carolina is: If we have another round of wage increases, does not the Senator think that it would contribute to a further increase in the price of consumer goods?

Mr. MAYBANK. Certainly.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. TAFT. I should like to ask the Senator various questions about the meaning of the bill which he has described. I may say that so far as the general power of control and most of the titles are concerned I agree certainly on the general necessity for such controls.

Mr. MAYBANK. I should like to say that we were very glad to have the suggestions of the Senator from Ohio, and some of his suggestions have been incorporated in the bill. I do not think the Senator has read the full report. Certainly I have not been able to read it, because we did not get through with it until 2 o'clock this morning.

Mr. TAFT. No; I have not tried to do so.

On page 29 of the bill the President is given power, first, to require the setting up of a priority on contracts or orders, or the acceptance of contracts or orders, which he deems necessary or appropriate to promote the national defense. When he goes to a company and says, "You must make a thousand tanks," how is the price to be determined? The company must take the contract. The President imposes the contract on the company. What are the terms on which the contract is imposed?

Mr. MAYBANK. Of course, a contract is agreed to and both the contractor and the Government try to agree on reasonable and fair terms. Presumably on the company's usual terms and conditions, or comparable terms. Of course, as the Senator knows, there was also renegotiation of contracts in the last war, and I understand from Representative VINSON a renegotiation bill is on its way to the Senate now, which will take care of any excess that might arise.

Mr. TAFT. The only suggestion is, who is going to fix the price? Is the President going to fix the price in the first instance, or who is going to fix it? Is the company to fix the price? What is the intention of the committee as to that power.

Mr. MAYBANK. It is the committee's feeling that it will be done as it was done before, that the company will fix the first price when the contract is made, and that if too great profits are made, as is suggested on page 28 of the report, there will be a readjustment and a fair and reasonable profit will be allowed.

Mr. TAFT. The language is pretty definite. It is, "to require acceptance and performance of such contracts or orders." What contracts? Is it the contracts written by the President? The intent seems to me, at least, to be to give the President the power to fix the price.

Mr. MAYBANK. He had the same power in the last war. I remember the case of the Ford Motor Co., because I happened to be in the office of Assistant Secretary Patterson when the contract was made. Under the Constitution, no one can delegate the power in such matters except the President of the United States. During the last war, Mr. Knox was Secretary of the Navy, and Mr. Stimson, Secretary of War, and, as I remember, the power was delegated to Assistant Secretary Forrestal and Assistant Secretary Patterson. They made the contracts and the company named the price.

Mr. TAFT. I believe I suggested an amendment to the committee which provided that the company should fix the price and that the contract be subject to renegotiation, under the terms of the Renegotiation Act.

Mr. MAYBANK. The Renegotiation Act has not yet been passed, unfortunately. It is on the way.

Mr. TAFT. There is a renegotiation provision in the current appropriation bill.

Mr. MAYBANK. That applies only to certain things, I was told. But this subject is not within the jurisdiction of the Committee on Banking and Currency. Some persons testified before the committee on the subject, and the committee recommended that the new plants which might be built should be amortized rapidly, as in World War II, but we could not put such a provision in the bill, because that is under the jurisdiction of the Committee on Finance, of which the Senator from Ohio is a member. I did write to the Senator from Georgia [Mr. GEORGE] and suggested that the same provision as to new plants be included; namely, that they be amortized over a shorter time following the World War II practice.

Mr. TAFT. One of the broadest powers in the bill is found at the bottom of page 29, in this language:

To allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

Mr. MAYBANK. There again power is vested in the President, for the national defense. If it was a matter involving the Army, he would leave it to the Secretary of War, Mr. Pace. If it involved the Navy, he would leave it to the Secretary of the Navy. If it involved the over-all picture, he would leave it to Chairman Symington.

Mr. TAFT. I am not as much interested in how he exercises the power as in what it is we are giving him power to do.

Mr. MAYBANK. We give him power, for instance, as I read the bill, to take rubber when it is necessary and utilize it in the production of tanks, or what not.

Mr. TAFT. We do not give him power to take anything, under this section. It is "to allocate," not "to take." The "take" section is in another title.

Mr. MAYBANK. Power is given to allocate materials which are produced in or come into the United States.

Mr. TAFT. Under this section the President is given power to put into effect a complete rationing system on the American people, I take it, since the committee expressly deleted the provision that there should not be consumer rationing. I take it this section is broad enough to authorize a complete system of rationing of every commodity the President desires to ration. Is that correct?

Mr. MAYBANK. That is correct. The language is an exact copy of the the language of the law during World War II. There is nothing in this section that goes beyond the World War II laws, according to the legislative counsel and the staff. I asked them to look at every law, and wherever we went beyond the World War II law, to call it to my attention.

Further along in the bill, as the Senator perhaps knows, there are exemptions relating to newspapers.

Mr. TAFT. If we were in world war III, I would not even ask the question, but we are not in world war III, and I am trying to ascertain whether in time of peace we are giving the President complete power to ration any commodity he wishes to ration.

Mr. MAYBANK. The President never asked for the power. The purpose of the committee was to grant standby power, permissive power, whatever it may be called, in case such power were needed in the future.

Mr. TAFT. In other words, this particular section was broadened in order to fit in with the price and wage control powers given in title IV?

Mr. MAYBANK. The Senator is correct.

Mr. TAFT. It covers not only materials needed for the war, but any material, foodstuff, or anything else, if the President thinks that in some way ra-

tioning may be desirable in consideration of the national defense.

Mr. MAYBANK. The Senator is correct. The difference between the Senator and myself is that the Senator speaks of peace. Some people speak of the Korean incident; some people speak of police action. I do not believe that we are exactly in a state of peace now or that there is peace in the world.

Mr. TAFT. Let me ask a question regarding sections 303 and 304, found on pages 35 and 36. Would it not be possible, under those sections, for the Government to go into any business it desired to enter? In other words, under paragraph (a) could not the President purchase any metals, minerals, or other raw materials, which presumably would include foodstuffs of all kinds, "including liquid fuels for Government use or for resale," and then resell them?

Paragraph (c) provides:

> The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined, any materials procured under this section.

Under section 303 could not the Government go into the steel business or the copper business or any other business into which it desired to enter?

Mr. MAYBANK. It was not the intention of the committee to go as far as the Senator has indicated. I might say that on page 19 of the report the committee goes very fully into the subject.

The report says:

> So far as domestic sources are concerned, it would authorize the direct activation or expansion of operations at individual mines. It would stimulate marginal production and permit such production to reach the market without creating an upward pressure on prices.

We substituted for a sort of subsidy program which had been suggested originally.

Mr. TAFT. Does not the Senator think, however, that under that power the President could put the Government into any manufacturing business he desired to put it into?

Mr. MAYBANK. The Senator is absolutely correct. I stated that this bill carried provision for a great deal of power. I stated that under the Constitution of the United States—and I know the Senator agrees with me—the only person who has the power is the President of the United States. We have written the bill with broad powers on a permissive basis, or whatever sort of basis one may want to call it, hoping and praying that the powers will never have to be used, but providing for them in case a situation should arise in Europe or the Middle East or elsewhere which would make it necessary for them to be used.

Mr. TAFT. Is it not true that under section 304 the President, without any appropriation being made, may go into business by borrowing a part of the $2,000,000,000 which is granted?

Mr. MAYBANK. Yes; that is very plain. The language is:

> Any department, agency, official, or corporation utilized pursuant to this section is authorized, subject to the approval of the President, to borrow from the Treasury of the United States, such sums of money as may be necessary to carry out its functions under this title—
>
> Not to exceed an aggregate of $2,000,000,000.

And under section 305 the President is authorized to transfer to the Secretary of Commerce the operations of the various programs set forth.

Mr. TAFT. So that taking those things together, the President, without ever coming to Congress, can borrow $2,000,000,000 and go into any business he wants to go into in the way of purchase of material or in the manufacturing field? Is that a correct interpretation of the section?

Mr. MAYBANK. That could be done under a broad interpretation of the language. Of course the powers are sweeping powers, but as I interpret this section the President could only do so insofar as it was connected with the purchasing or development program for national defense. But I do not imagine that the Appropriations Committee or the watchdog committee—I do not know what the membership of that watchdog committee will be next year, but I presume the Senator from New Hampshire [Mr. TOBEY] and the Senator from Indiana [Mr. CAPEHART] and other present members will be members next year—is going to permit any improper use of such powers.

Mr. TAFT. But the chairman of the Committee on Banking and Currency does not maintain that the watchdog committee can stop any operations? How can the committee stop them?

Mr. MAYBANK. Such operation could be stopped in the Senate in no time. They could be stopped in the Appropriations Committee.

Mr. TAFT. But I am pointing out that since this money can be borrowed as a public-debt transaction, it will not become necessary to go to the Appropriations Committee in order to secure money to enter into business. Is not that what section 304 was written to accomplish?

Mr. MAYBANK. If we get down to minute details the Senator from Ohio is correct. The section gives the President broad powers. But I have enough faith in the President, regardless of who he may be, to believe that he will follow the intent of the legislation and the report of the committee. I have great faith in my friends on the other side of the aisle. I believe the intent, as exhibited in the final conference report, will be carried out by the President.

Mr. TAFT. My experience in the First World War was that once a power was granted, Congress never heard of it again; that not only were the powers availed of to set up organizations and departments directly justified, but in many cases departments were set up which were not covered by statute, and which involved a clear usurpation of authority. I certainly do not think it is a reflection on the President to say that when a power of this kind is once granted to the Executive it is likely to be used, no matter what Congress may put into its reports. I was only interested to find out if the Senator from South Carolina agreed that the power was being granted by this section.

Mr. MAYBANK. Yes.

Mr. TAFT. That is what I wanted to know.

Mr. MAYBANK. I should like to know, however, what is in the mind of the Senator from Ohio. Of course, there were some abuses in World War II. The Senator from Ohio and I were members of the Committee on Banking and Currency during that war. Probably there were some abuses in World War I. But there were not any abuses in the way of expenditure of funds to create a socialistic economy. The plants which were built in World War II were turned back to private owners, that is, in most instances the private concerns which had operated them bought them, if they were erected with public moneys. That was true with the exception of rubber production plants of the kind which private owners had not previously had.

Mr. TAFT. What I have in mind, frankly, is that if the Federal Government does want to go into one of these businesses—and there may be some justification for doing so, I think the Government ought to come to Congress and receive express authority to go into such business. Last month Congress passed a bill authorizing the Government to go into the business of growing hemp in Central America. I was doubtful about that action, but we were told that it was the only way to secure the hemp, and thereafter I did not object further to the bill. We have a tremendously large private plant or industrial development in this country. If the Government wants to go into any kind of business, it ought to tell Congress what it is, and ask authority to go into that particular business. We ought not to grant a wide-open power to the Government to go into any business it wants to go into, and give the Government $2,000,000,000 to do it, without further check by Congress.

Mr. MAYBANK. I do not think the Government is going to do anything like that. I believe as much in private enterprise as does the distinguished Senator from Ohio, and he knows it. I believe the Government should aid private industry in such matters as the production of copper, steel, and so forth. But there are some fields into which the Government must enter. For example, the synthetic-rubber field. The other day the Government reopened a synthetic-rubber plant.

Mr. TAFT. My recollection is that the Government has power to do that and does not need additional authority to do so.

Mr. MAYBANK. The Government should also do research work. The senior Senator from Wyoming. [Mr O'MAHONEY], in testifying before the committee, said that the Government should proceed to develop manganese production and the production of other ores. For example, taconite, or low-grade iron ore. We had testimony from the senior Senator from Minnesota [Mr. THYE], who recommended a program for the development of such ore, as well as from the junior Senator from Minnesota [Mr. HUMPHREY]. We have had the testimony of geologists and others who have

studied the question of low-grade ores on Lake Superior which can be developed by the Government. I do not know about that personally, for I have never been there, so I must rely upon the testimony of others.

Mr. TAFT. Referring to title IV, price and wage stabilization, may I ask whether that title gives the President the power to impose price control without any general regulation of wages, if he wishes to do so?

Mr. MAYBANK. If the President proceeds to impose general price controls, he must freeze wages.

Mr. TAFT. He must? Is there such a provision?

Mr. MAYBANK. Yes; on page 42.

The PRESIDING OFFICER. Will the Senator from South Carolina please raise his voice, and restate what he has just said?

Mr. MAYBANK. The Senator from Ohio asked me: If the President imposes general over-all price controls, must he freeze wages? On line 9, page 42, is this language:

> Wages, salaries, and other compensation shall be stabilized generally whenever ceilings on prices, including retail sales prices, have been established on materials, services, and property comprising a substantial part—

I cite that language in reply to the question the Senator asked me. Section (b), which gives selective controls above the retail level, as the Senator knows, was eliminated by the House yesterday, but this section (c) also authorizes selective controls at all levels. I continue:

> a substantial part of all sales at retail and materially affecting the cost of living.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. MAYBANK. I promised the Senator from Florida [Mr. HOLLAND] that I would yield to him next after having yielded to the Senator from Ohio.

Mr. TAFT. Mr. President, I have a few questions more. I should like to finish.

The PRESIDING OFFICER. Does the Senator yield; aid if so, to whom?

Mr. MAYBANK. The Senator from Ohio asked me to yield, and I yielded to him. I told the Senator from Florida I would yield to him next. Thereafter I shall be glad to yield to the Senator from Delaware. I am sorry to have to keep him waiting.

Mr. TAFT. As to the matter of standby control——

Mr. MAYBANK. Which is permissive.

Mr. TAFT. How does that differ from the Price Control Act of World War II? That was purely authority to the President to impose such control if he wanted to do so. It did not compel him to do so, if I correctly recollect.

Mr. MAYBANK. If the President believes the situation on the home front has become grave enough by reason of the enormous armament program which is going to take place, the President may impose controls. He does not have to do so any more than he was compelled to do so under the World War II act. Some people think controls ought to be imposed tomorrow morning. Some do not believe they ought to be imposed at all.

Mr. TAFT. Does not the Senator feel that the imposition of price and wage stabilization measures represents a completely fundamental change in our whole economy—from a free economy to a regulated economy?

Mr. MAYBANK. Yes; I do; and I hope the day will never come when the President will have to put such a program into effect, but it may come.

Mr. TAFT. Does not the Senator feel that Congress should decide the question whether this shall be a free economy or a regulated economy country; that the Congress should determine whether the emergency has arisen which would justify such a change?

Mr. MAYBANK. Of course, I agree with the Senator. That is why the bill is before us. That is why I said that I appreciated what had been done by the Senator from Indiana [Mr. CAPEHART] and others before the bill came to the floor. But time is of the essence. I do not know what the Senate will do with the bill. I hope it will be passed.

Mr. TAFT. When the Price Control Act of 1942 was enacted, it was enacted with the purpose of putting into effect controls when the Congress decided it was time to do so. The Congress passed the law. Now it seems to me we are completely abdicating our authority, abdicating our duties, if we leave to the President the question of determining whether we shall turn the United States from a free economy country into, in effect, a dictated economy country.

Mr. MAYBANK. The only way that possibly can be done by the President will be after consultations, but we hope such a thing will not happen. Conditions will have to become much worse before it can happen.

I was with the Senator from Ohio in the District of Columbia Committee room in 1942, as I am sure the Senator from Ohio remembers, on the night when we provided for the first OPA. However, that was done after Pearl Harbor, and after we had allies who had been fighting for 3 years.

Our present situation is somewhat different, in my judgment. I may be wrong; I hope I am.

Mr. TAFT. Mr. President, so far as I am concerned, I am unwilling to delegate to any person the right to say that the time now has come when we must abandon a free economy and must temporarily, because of an emergency, put into operation a system of wage and price controls. If such a system is put into effect, Congress should do it. Congress can return later to make that decision, if it thinks the occasion for invoking that system has arisen.

Mr. MAYBANK. Of course we differ on these subjects, Mr. President. I hope such powers will never be used; but if they are used, I hope they are used only after an emergency has developed and after full consultations have been held.

Mr. TAFT. Mr. President, let me ask the Senator from South Carolina a question: What is the value of title V, relating to the settlement of labor disputes? That title was stricken from the House bill; and I cannot see why it adds anything to the powers the President now has under the general mediation laws. I refer to pages 57 and 58.

Today the President has full power to conciliate any dispute. This provision of the bill apparently does not give the President the power to compel men to go back to work or anything of that sort. It seems to me it merely authorizes the President to do things contrary to the general policies established for the settlement of labor disputes.

Mr. MAYBANK. We had in mind the War Labor Board and other things——

Mr. TAFT. Under title IV, the War Labor Board——

Mr. MAYBANK. I ask the Senator to permit me to finish my statement, please. I was going to say that there were some members of the committee who raised the point the Senator from Ohio has raised. We have made a full report on the bill, including a report on that question. It would take me some time to read that portion of the report now, although if the Senator from Ohio wishes me to do so, I shall read it to the Senate.

That matter is dealt with on page 40 of the report, where the statement is made:

> This title is intended to strengthen the national defense effort by giving the President the necessary authority to prevent interruption of production by labor disputes which affect the national defense.

Later in the report appears the following statement:

> This title does not alter existing labor standards and labor-relations statutes; on the contrary, no action can be taken under this title which is inconsistent with the provisions of the Labor-Management Relations Act, 1947—

And so forth.

Mr. TAFT. I cannot see how that title of the bill possibly adds anything to the existing statutes relative to the settlement of labor disputes. Of course, under the provisions of title IV, if the President had the power to fix wages, he would have the power to appoint a board to do what the War Labor Board did.

Mr. MAYBANK. That is correct.

Let me also point out that on page 41 the report reads as follows:

> In an emergency period we can ill afford to permit labor disputes to follow their normal course to eventual settlement. The institution of price and wage stabilization provided for under title IV of this bill would add to the strain upon normal collective bargaining.

Mr. TAFT. I cannot see why title V is not completely superfluous and would encourage the President to repeal some of the existing provisions of law.

Mr. MAYBANK. That title gives the President power to mediate in such way as he may see fit to do.

Mr. TAFT. But the President already has that power.

Mr. MAYBANK. Yes; but this title of the bill would encourage him to use it.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. DOUGLAS. I wonder whether the distinguished Senator from South Carolina will yield to me temporarily, without losing his right to the floor, to permit me to ask a few questions or to make a statement in discussion with the Senator from Ohio?

Mr. MAYBANK. Previously I had promised to yield next to the Senator from Florida [Mr. HOLLAND].

Mr. DOUGLAS. I wish to address an inquiry to the Senator from Ohio, if I am yielded to for that purpose, because I think that by means of a very simple process it is possible to make the Senator from Ohio a convert to the principles of this bill.

Mr. MAYBANK. Then, Mr. President, I yield now to the Senator from Illinois, provided that I may do so without losing my right to the floor. I ask unanimous consent for that purpose.

The PRESIDING OFFICER (Mr. STENNIS in the chair). The Senator from South Carolina asks unanimous consent that he may yield to the Senator from Illinois, to permit him to address an inquiry to the Senator from Ohio, without causing the Senator from South Carolina to lose the floor.

Is there objection? The Chair hears none.

Mr. DOUGLAS. Mr. President, not only do I wish to address a question or two to the Senator from Ohio, if he will permit——

Mr. TAFT. Certainly, although I intend to speak on the subject myself tomorrow.

Mr. DOUGLAS. But also I wish to make a brief statement in this connection.

Mr. President, I found myself in considerable sympathy with the Senator from Ohio when he declared that the Congress should not give complete discretionary power to the Executive.

So I wondered whether the Senator from Ohio was a convert to the formula of the Fulbright proposal, which lays down legislative criteria which will guide the President, instead of giving him complete discretion.

As I heard the Senator from Ohio speak, I thought he was fit territory for conversion, so to speak.

Mr. TAFT. Mr. President, I have read the Fulbright proposal, and in a general way I regard it very favorably. The question is whether the index proposals are practical.

I have not gone into that question, and I do not know whether I shall support that measure; but certainly it is a very worthy proposal and is a great improvement over the proposal in the bill now before us.

On the other hand, we could add to this bill a provision that title IV would go into effect only when Congress passed a joint resolution to that effect, or something of that sort.

Mr. MAYBANK. Mr. President, I yield at this time to the Senator from Florida.

Mr. HOLLAND. I thank the Senator from South Carolina for yielding to me; and I congratulate him and the other members of his committee for the fine work they have done in studying the bill and in reporting it in materially changed form.

Mr. MAYBANK. I thank the Senator.

Mr. HOLLAND. I should like to ask the Senator from South Carolina several questions in reference to the control of credits, relative to construction on real estate as they appear in the new bill and as they contrast with the much broader principles which were incorporated in the original bill.

As a predicate for my questions, I should like to ask the Senator if he will be willing to permit me to request unanimous consent to have inserted at this point in the RECORD a copy of subtitle A of Title IV of the original draft of the bill.

Mr. MAYBANK. That will be satisfactory to me.

Mr. HOLLAND. Then I make such request, Mr. President.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter referred to was order to be printed in the RECORD, as follows:

TITLE IV—CONTROL OF CREDIT

SUBTITLE A—CONSUMER AND REAL ESTATE CREDIT

SEC. 401. (a) To assist in carrying out the purposes of this act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer and real estate credit as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form, and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this subtitle or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider, among other factors, (1) the level and trend of consumer and real-estate credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

(b) No person shall extend or maintain any credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time or from time to time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than 1 year, or both.

(d) To assist in carrying out the purposes of this subtitle, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed, and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(e) For the purposes of this subtitle, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, and accounting terms, insofar as any such definitions are not inconsistent with the provisions of this subtitle:

(1) "Consumer credit" means credit which the obligor undertakes to pay in two or more payments, or any other credit: *Provided*, That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any accessory insurance service connected with any such goods or interest therein.

(2) "Real estate credit" means credit secured, either wholly or partly, by real property (including leasehold and other interests therein); credit for the purpose of purchasing or carrying such property or constructing buildings or otherwise improving such property; and credit involving a right to acquire or use such property.

(3) "Credit" means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services; either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(4) "Person," in addition to the definition given it by section 502 (a) of this act, includes the United States, any State or sub-

division thereof, and any agency or instrumentality of one or more such authorities, except that the criminal penalties of this subtitle shall not be applicable to the United States, any State, or other governmental agency or instrumentality.

SEC. 402. To assist in carrying out the objectives of this act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall give consideration to the preservation of such relative credit preferences as are accorded to veterans of World War II under existing law.

SEC. 403. The first sentence of section 5A of the Federal Home Loan Bank Act, as added by section 1 of the act of June 27, 1950 (Public Law 576, 81st Cong.), is amended to read as follows: "No member of a Federal home loan bank shall make or purchase any loan at any time when its cash and obligations of the United States are not equal to such amount as the Home Loan Bank Board shall by regulations prescribe: *Provide*, That such amount shall not be less than 4 percent or more than 20 percent of the obligation of the member or withdrawable accounts or, in the case of any member insurance company, such other base as the Board may determine to be comparable."; and the last sentence of said section 5A is amended to read as follows: "This section shall be effective upon the enactment of the Defense Production Act of 1950."

Mr. MAYBANK. Mr. President, I merely wish to say that when I introduced the original bill, I made the statement that no doubt changes would be proposed to it.

Mr. HOLLAND. I understand. I understood thoroughly that the Senator from South Carolina was requested to introduce the original bill, and that he introduced it by request, and that he was not in accord with some of the provisions of title IV of the original bill, which I understand have been very radically changed, as the bill has now been reported by the committee.

Mr. MAYBANK. That is correct.

Mr. HOLLAND. I understand that those changes are to be found in the provisions of title VI of the bill as reported by the committee.

Mr. President, I have already asked to have incorporated in the RECORD, and there has been ordered to be placed in the RECORD, as the basis of my questions, all of subtitle A of title IV of the original draft of the bill.

My first question is this: Am I correct in my understanding that the general control of all credits and all dealings involving the use or title to real estate, as provisions for that purpose were incorporated in title IV of the original bill, has been entirely omitted, except as such subjects are in small part continued in title VI of the committee draft of the bill? Is that correct?

Mr. MAYBANK. I would say that so far as I know and so far as I have been able to ascertain, the Senator is correct.

As I recall, we eliminated provision for certain authority which was proposed to be given to the President, and voted to have certain authority transferred to the Federal Reserve Board. We limited the bill so far as it applies to private financing to new construction or to the reconstruction of dwellings, under the Federal Reserve Board's power to control credit.

It is my understanding that reconstruction, for instance, would be a case in which someone had a small house and wished to get around the law by spending a large amount of money in rebuilding it so that it would be the same as a new house.

Mr. HOLLAND. I thank the Senator.

I should like to ask him specifically, now, if it is correct that the only provisions left, under the committee draft of the bill as reported to the Senate, and as now under debate, relative to the control of credits in real-estate construction, pertain to two classes of construction, both of them future construction.

Mr. MAYBANK. What future construction is was a question which the committee gave much thought. It finally decided that any construction begun after August 3, meridian time, could be considered as future or new construction.

Mr. HOLLAND. Then am I correct in my understanding that all the controls proposed relative to real estate proposed in the bill we are now considering have to do solely with future construction? Is that correct? That was my first question.

Mr. MAYBANK. Of course, the Senator understands that reconstruction is included, along with new construction. I do not have the President's letters in front of me, but I ask unanimous consent to insert in the RECORD at this point in my remarks the letters which the President wrote to Mr. Foley, Administrator of the Housing and Home Finance Agency, Mr. Gray, Administrator of Veterans' Affairs, and Mr. Hise, chairman of the RFC, if my memory serves me correctly, in connection with a letter which I received 2 or 3 weeks ago, the President ordered approximately a 30 percent curtailment in public housing immediately and a reduction in loan ratios on FHA insured and VA guaranteed financing.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

JULY 18, 1950.

The President today sent the letters which follow to the Honorable Raymond M. Foley, Administrator of the Housing and Home Finance Agency; the Honorable Carl R. Gray, Jr., Administrator of Veterans' Affairs, and the Honorable Harley Hise, Chairman of the Reconstruction Finance Corporation. Copies of these letters were sent to the Honorable Charles F. Brannan, Secretary of Agriculture; the Honorable Thomas B. McCabe, Chairman of the Board of Governors of the Federal Reserve System, and the Honorable Maple T. Harl, Chairman of the Federal Deposit Insurance Corporation.

Following is the text of the letter to Mr. Foley:

"MY DEAR MR. ADMINISTRATOR: The Director of the Bureau of the Budget has transmitted to me your recommendation that the aggregate outstanding amount of mortgages which may be insured under title II of the National Housing Act be increased by all or some part of the remaining $1,250,000,000 authorized by the Congress.

"The Housing Act of 1950 requires that the President make a determination, before authorizing an increase in the statutary limit of the aggregate amount of insured mortgages, that such an increase would be in the public interest, taking into account the general effect of any such increase upon conditions in the building industry and upon the national economy.

"As you know, residential construction in the last several months has risen to very high levels. Continuance of high levels would be entirely desirable, were it not for recent international developments. As suggested in your letter, it is already clear that, as a result of events of the last month, many materials used in residential and other construction will be required in increasing amounts for national defense purposes. It is imperative that these requirements be met fully and without delay. These increased demands will aggravate inflationary tendencies already evident in some of these materials unless positive actions are taken to reduce pressures in residential construction.

"For this reason, I do not believe that it would be in the public interest to authorize the full increase of $1,250,000,000 in the authority to insure new mortgages. Accordingly, pursuant to the authority of section 203 (a) of the National Housing Act, I hereby approve an increase of $650,000,000 in the aggregate outstanding amount of mortgages which may be insured under title II of said act, thereby increasing the insurance authorization under said title to $8,400,000,000.

"For the same reason, I request that the Housing and Home Finance Agency and its constituent agencies take the following administrative actions:

"1. Employ as a ceiling in analyzing property for mortgage insurance purposes the construction costs existing on July 1, 1950.

"2. Reduce on all future applications for mortgage insurance, the maximum principal amounts, or the maximum percentages of appraised value or cost, or both, of mortgages so that required down payments will be substantially increased, especially for higher priced housing, excluding military housing and the Alaska housing program.

"3. Require substantial down payments for modernization and repair loans.

"4. Reduce substantially the availability of Federal Home loan bank credit to member institutions especially for business expansion purposes, and, through supervisory action, encourage the application of stricter credit standards on new mortgage loans by member home financing institutions.

"5. Limit the commencement of construction of public housing to not more than 30,000 dwelling units in the first 6 months of fiscal year 1951, during which time the public housing program should be thoroughly reexamined in terms of the developing international situation.

"6. Suspend for the time being commitments for direct loans for the construction of housing by educational institutions.

"7. Take such further actions as in your judgment are or may become necessary and appropriate (such as restriction of size of projects built for sale) to curtail the use in residential construction of materials essential to national defense.

"Attached for your information is a copy of my letter of today's date to the Administrator of Veterans' Affairs. It is my wish that both agencies accomplish a substantial and parallel curtailment of housing credit, but

in such a way that the relative preference presently accorded veterans is preserved. I would appreciate it, therefore, if you will consult with the Veterans' Administrator in working out the details of these programs, and advise my office of any problem which remains unresolved.

"Attached also for your information is a copy of my letter to the Chairman of the Reconstruction Finance Corporation regarding operations of the Federal National Mortgage Association. I would appreciate your cooperating with him in the planning and execution of the actions which I have requested.

"Sincerely yours,

"HARRY S. TRUMAN."

The letter to Mr. Gray follows:

"MY DEAR MR. ADMINISTRATOR: As you know, residential construction in the last several months has risen to very high levels. Continuance of high levels would be entirely desirable, were it not for recent international developments. It is already clear that, as a result of events of the last month, many materials used in residential and other construction will be required in increasing amounts for national defense purposes. It is imperative that these requirements be met fully and without delay. These increased demands will aggravate inflationary tendencies already evident in some of these materials unless positive actions are taken to reduce pressures in residential construction.

"For this reason, I request that the Administrator of Veterans' Affairs take the following administrative actions:

"(1) Require a cash down payment of at least 5 percent for all loans guaranteed, insured, or made by the Veterans' Administration, wherever permissible under existing law.

"(2) Increase such required cash down payments in amounts equal to any increase in appraised value occasioned by recognized increases in construction costs over those existing on July 1, 1950.

"(3) Restrict direct loan authorizations in each calendar quarter of fiscal year 1951 to one-fourth of the total amount authorized for the fiscal year.

"(4) Take such further actions as in your judgment may become necessary and appropriate (such as restriction of size of projects built for sale) to curtail the use in residential construction of materials essential to national defense.

"Attached for your information is a copy of my letter of today's date to the Administrator of the Housing and Home Finance Agency. It is my wish that both agencies accomplish a substantial and parallel curtailment of housing credit, but in such a way that the relative preference presently accorded veterans is preserved. I would appreciate it, therefore, if you will consult with the Administrator of the Housing and Home Finance Agency in working out the details of these programs, and advise my office of any problem which remains unresolved.

"Very sincerely yours,

"HARRY S. TRUMAN."

The text of the letter to Mr. Hise follows:

"DEAR MR. CHAIRMAN: As you know, residential construction in the last several months has risen to very high levels. Continuance of high levels would be entirely desirable, were it not for recent international developments. It is already clear that, as a result of events of the last month, many materials used in residential and other construction will be required in increasing amounts for national-defense purposes. It is imperative that these requirements be met fully and without delay. These increased demands will aggravate inflationary tendencies already evident in some of these materials unless positive actions are taken to reduce pressures in residential construction.

"Enclosed for your information are letters I have addressed to the Administrator of the Housing and Home Finance Agency and the Administrator of Veterans' Affairs, requesting them to take certain steps to restrain the expansion of housing credit.

"As a corollary to the actions which I have asked these agencies to take, I request you to reexamine immediately the regulations of the Federal National Mortgage Association governing both the purchase and sale of insured and guaranteed mortgages. I understand that the current regulations governing the purchase of mortgages have substantially reduced the volume of purchases. This situation should be carefully watched to make sure that further mortgage purchases are held to the irreducible minimum.

"I also understand that sales of mortgages owned by the Federal National Mortgage Association have been stepped up considerably in recent months. I am sure you will agree, however, that in the present situation sales efforts should be further intensified in order to absorb, as much as possible, surplus funds seeking investment in residential mortgages.

"Inasmuch as the Federal National Mortgage Association will soon be transferred to the Housing and Home Finance Agency, I would appreciate your working closely with the Administrator of the Housing and Home Finance Agency in the planning and execution of these actions.

"Very sincerely yours,

"HARRY S. TRUMAN."

Mr. HOLLAND. I quote from the report of the committee a sentence appearing at the top of page 48, as a basis for my next question. The statement quoted from the report reads as follows:

It—

Meaning the committee—

has removed from such provisions all control over credit with respect to existing construction, so that control of conventional credit would be applicable only to future construction of structures or major additions or improvements to structures.

Is that sentence, as quoted, a correct statement of the provisions of the committee bill relative to conventional credit?

Mr. MAYBANK. That is exactly what the committee did. This section was written for the purpose of slowing down and stopping the hoarding of essential national-defense supplies, such as lumber, soil pipe, and other materials.

Mr. HOLLAND. The Senator has stated, and this accords with my understanding, that the provision of the committee bill with reference to conventional credit for the construction of either residential or any other type of construction applies solely to future construction, not to existing construction.

Mr. MAYBANK. The Senator is absolutely correct. I do not want to confuse the record regarding the August 3 date line, because it was unanimously agreed by the committee, Republicans and Democrats alike, that we had to include some date line. As the Senator knows, we have been working on this bill in the committee since July 19. That section, as I remember, probably was written on August 2. If we did not choose a date there would be a mad rush to get construction under way before the deadline, and prices would be forced up even higher.

Mr. HOLLAND. I thank the Senator. May I ask him to state whether my understanding of the term "conventional credit," as used by the committee, is correct? I understand that term to apply to a credit by all agencies whatsoever, except the Federal Government.

Mr. MAYBANK. That is right; to all financing except Government financing and Government-insured financing.

Mr. HOLLAND. Therefore, this provision would relate to all ordinary construction in the future financed by banks or by private lenders, or by builders financed from any other source except if insured or guaranteed by the Government?

Mr. MAYBANK. The Senator is correct. That will be true, under the Federal Reserve regulations.

Mr. HOLLAND. In reference to conventional credit, is my understanding correct that, applying only to future construction financed by conventional credit, the Board of Governors of the Federal Reserve Bank is given power, by regulations issued from time to time, to control the terms upon which such credit shall be given?

Mr. MAYBANK. The Senator is correct. I may say to the Senator that we went further than that. After we wrote this section we placed in the bill a voluntary control program for the Federal Reserve such as that provided for Secretary Sawyer in connection with steel, and so forth. Of course, it does not necessarily have to be voluntary. But it was Mr. McCabe's desire and the desire of the attorneys for the Federal Reserve Board that they should get all the banks together. I think they have done a pretty good job in the past, and I think they will do a good job in the future. If they can work out something voluntarily, we want them to do it. That is provided for. I do not say it will work out, but there is that possibility.

Mr. HOLLAND. The provisions of the new bill, namely, the committee bill, which deals with these new extensions of conventional credit, are section 602 and the related sections; and am I correct in my understanding that section 605 of the committee bill relates solely to nonconventional credit—that is, Government credit?

Mr. MAYBANK. If the Senator will refer to page 50 of the committee report, he will observe that section 605 "would round out the authority of the President to control future real-estate loans, insured, or guaranteed by the Federal Government." That is FHA. The Senator probably knows that.

Mr. HOLLAND. Will the Senator object if I quote that sentence in full into the RECORD at this time?

Mr. MAYBANK. No, I should be glad to have the Senator do so, because we desire to have the RECORD absolutely correct. I am glad the Senator brought that up.

Mr. HOLLAND. The sentence shown on page 50 of the report, to which the

Senator has referred, reads in full as follows:

SEC. 605. This section would round out the authority of the President to control future real-estate loans made, insured, or guaranteed by the Federal Government, as distinguished from conventional real-estate loans covered by section 602.

Mr. MAYBANK. That is correct.

Mr. HOLLAND. Section 605 then makes reference to future loans under nonconventional credits, which has to do solely with credits extended by agencies of the Federal Government, does it not?

Mr. MAYBANK. That is correct.

Mr. HOLLAND. Under section 605, the President is given authority, after having conferred with the Board of Governors of the Federal Reserve Bank and with the Federal housing officials, by his order, to control future credits financed or insured by Federal governmental agencies. Is that not true?

Mr. MAYBANK. That is correct. The President also asked for coordination and cooperation between the Home Finance Agency and the Federal Reserve Board, so that they can get the over-all picture, instead of operating separately. We hope they will work together as a team, and I have every reason to believe they will.

Mr. HOLLAND. Mr. President, if the Senator will yield further, the Senator from Florida has two additional questions. He hopes he is not trespassing upon the patience of the Senator from South Carolina.

Mr. MAYBANK. Not at all. I am always glad to yield to my friend from Florida.

Mr. HOLLAND. The first question is this: Is the Senator from Florida correct in his understanding that section 403 of the original bill, relating to Federal Home Loan Banks, has been entirely omitted from the committee bill?

Mr. MAYBANK. I may say to the Senator from Florida that, in view of the fact that the Committee on Banking and Currency had but recently legislated with respect to that most efficient agency, we completely eliminated it from the bill. The Senator is correct.

Mr. HOLLAND. I thank the Senator. There is but one more question I wish to address to him, and that has to do with price control and those sections of the new bill which relate to price control, namely, title IV and the sections contained in it.

Mr. MAYBANK. There are plenty of sections.

Mr. HOLLAND. Is the Senator from Florida correct in his understanding that price control, with reference to real estate and all kinds of real estate transactions, is entirely omitted from the committee bill.

Mr. MAYBANK. Under section 402 (f) it is entirely omitted. The only real estate section is title VI, itself, under which controls are placed upon private financing by the Federal Reserve Board, and on public financing, by the President, through the Housing and Home Finance Agency.

Mr. HOLLAND. In both instances only as to future building?

Mr. MAYBANK. That is correct as far as private or conventional financing is concerned. In the case of public financing or insuring, the controls apply to all future loans, whenever the building was built.

Mr. HOLLAND. Mr. President, I greatly appreciate the patience of the Senator from South Carolina. He has answered very fully and meticulously. I want to say that he and his committee are entitled to very great credit for having made these sweeping changes in the text of the original bill as contained in title IV as it was introduced.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. WILLIAMS. Mr. President, I should like to refer the chairman of the committee to page 42 of the bill, where it provides:

Wages, salaries, and other compensation shall be stabilized generally whenever ceilings on prices, including retail sales prices, have been established on materials, services, and property comprising a substantial part of all sales at retail and materially affecting the cost of living.

My question is this: In the event the President decides to put a ceiling on prices as of any given date, will the ceiling on wages and on salaries have to be effective on the same date, or can there be one ceiling applied in June and the other in March, for instance?

Mr. MAYBANK. Presumably, they would be applied on the same date, on the basis of May 24 to June 24, as to what the prices were at that time. If wages had not been increased, for instance, and there should be a round of wage increases before October, the May and June price figures might have to be increased to take care of that situation.

Mr. WILLIAMS. I do not quite follow the Senator. Am I correct in understanding that if prices are rolled back to June 24, we would roll wages back to June 24?

Mr. MAYBANK. Not necessarily to the same date.

Mr. WILLIAMS. If wages had gone up between June and October, would we roll the prices back?

Mr. MAYBANK. No; if we could not roll the wages back we probably could not roll the prices back.

Of course the price of food has gone up; sugar has gone up; rubber has gone up 36 cents a pound; but if there has been no general wage increase I do not see why wages should be rolled back. But if we want to roll back prices and, in the meantime, wages have been raised, the prices would have to be adjusted so that the wage earner would not be injured.

Mr. WILLIAMS. Let us forget about the increased prices which have taken effect since June 24. My understanding is that if the President decides to roll prices back to June 24, wages will be rolled back to the same date.

Mr. MAYBANK. There is no necessary connection.

Mr. WILLIAMS. How can we roll back one without rolling back the other?

Mr. MAYBANK. The President cannot roll them back without consultation and ascertaining what the costs have been. He can select a different date. The date of May 24 to June 24 is only the minimum to which he could go back.

Mr. WILLIAMS. Could he select a date for wages and another date for prices?

Mr. MAYBANK. Of course, that may be the fairest and most equitable way of doing it—both to the employer as well as the employee.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MAYBANK. This is what the bill provides in the case of wages:

No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938—

And so forth. Since wages and salaries are usually changed at relatively infrequent intervals, the level of wages and salaries prevailing in the base period represents contracts entered into, on the average, well before the base period. In effect, therefore, wages and salaries during the base period reflect the market conditions of an earlier period, while the level of prices in the base period generally reflects the market conditions in that period. Under those circumstances it is highly desirable to provide for any possible roll-back of wages and salaries while permitting a more flexible situation with regard to prices.

In other words, if the CIO or the A. F. of L. signs a contract with some organization to run a year ahead, if there is no strike, the contract goes ahead. Automobile prices may go up or down, while the wages are still maintained at the same level.

Mr. WILLIAMS. Suppose that by October or November of this year we shall have gone through another round of wage increases, but that after that date prices are frozen on all commodities, and the President selects June 24 as the base date. What would he do with regard to wages, assuming that in the meantime there had been a round of wage increases?

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MAYBANK. In a moment.

The President has permissive power. He could either stabilize them as of that date, or he could roll them back. He could do either.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. CAPEHART. Mr. President, I might be able to help a little bit. Keep in mind that the date of June 24, or any of those dates, are base dates. The President does not have to roll prices back to that point. We are simply providing that they cannot be rolled back to a point lower than the point at which they were on a given date. The President would show very poor judgment if he rolled prices back to June 24 if wages in the meantime had gone up.

Mr. MAYBANK. That is correct.

Mr. WILLIAMS. Mr. President, will the Senator yield further?

Mr. MAYBANK. I yield.

Mr. WILLIAMS. I understand the point which the Senator from Indiana has made, but it could be done, under the bill, could it not?

Mr. MAYBANK. Yes; he could freeze them as of the date of the freeze, or he could roll them back.

Mr. WILLIAMS. Does the Senator think it is possible, in all fairness to the different groups, to select any date as a base period other than some date prior to the outbreak in Korea? There is a certain type of merchant or manufacturer who, immediately after the outbreak in Korea, raised prices and began charging all the traffic would bear. There is another group who, through patriotism and respect for their customers, held their prices down. Are we penalizing those who cooperate in trying to resist the inflationary spiral, and paying a premium to the others?

Mr. MAYBANK. I thoroughly agree with the words of the distinguished Senator from Delaware. That is the reason why we selected this date—because of the honest businessman who did not try to make a lot of money because of the Korean situation.

Mr. WILLIAMS. Regardless of any date we fix, there will be certain commodities whose prices are artificially high.

Mr. MAYBANK. Those prices will be adjusted.

Mr. WILLIAMS. Both wages and prices?

Mr. MAYBANK. Yes.

Mr. WILLIAMS. Any variation would be on a percentage basis, using the pre-Korean date as a base?

Mr. MAYBANK. That is essentially correct.

Mr. THYE. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. THYE. Mr. President, when the Korean conflict began——

Mr. MAYBANK. Mr. President, is the Senator asking me a question?

Mr. THYE. Yes; I shall ask a question, and I shall refer to steel because we shall again use steel to a great extent and probably shall put a greater drain on our resources of iron ore than we had thought before the Korean crisis. Because of that situation I wanted to ask the able Senator from South Carolina whether the bill is broad enough to allow the development of a processing plant.

Mr. MAYBANK. Will the Senator yield for a moment so that I may make a short statement?

Mr. THYE. I shall be happy to do so.

Mr. MAYBANK. The distinguished Senator from Minnesota was called from the Chamber while I was addressing the Senate on that point. I called the attention of the Senate to the bill of the Senator which was before the committee in connection with low-grade ores in the Lake Superior area. I said I believed that the bill would be sufficient to help the mining of such ores under the $2,000,000,000 loan fund provided for in the bill. I referred to that while the Senator was called to the telephone.

Mr. THYE. I am very happy to have the chairman make the explanation. I left the Chamber to answer a long-distance telephone call from Duluth, and as I was returning to the floor a family, who are visiting the Capitol, called me into the reception room.

Mr. MAYBANK. While the Senator from Minnesota was talking about Minnesota in the reception room, as he should have been, I was talking about Minnesota on the floor.

Mr. THYE. I am very happy to have the Senator make the explanation that the act is broad enough to permit the development of low-grade iron ore in Minnesota. We cannot continue indefinitely draining our high-grade iron ore. If we do so, we shall face a serious situation, because if we exhaust our high-grade ore and become dependent on imports of ore from other nations to supply our needs, we may find that we have put ourselves in a very precarious position.

Mr. MAYBANK. When the Senator from Ohio [Mr. TAFT] was questioning me on the $2,000,000,000 loan fund I called attention to the absolute need and necessity for the exploration for low-grade ores in the Lake Superior region, and the necessity for the exploration for manganese deposits in Wyoming and other Western States. That is the reason the $2,000,000,000 provision was put in the bill. It was put in the bill not for the purpose of building many plants to be competitive to industries which are already doing a good job, but to explore and develop American resources rather than to continually drain American dollars into foreign countries and use foreign resources.

Mr. THYE. I had an amendment prepared to the bill, but in view of what the able chairman has stated relative to the provision in the bill, I believe there is no necessity for offering the amendment. Does the able Senator agree?

Mr. MAYBANK. I do not think it will be necessary, because I do not think we can legislate on any particular item. If we made an exception in one case, we would have to legislate, for example, with respect to manganese, tin, and so forth. It is all in title II. I may say that the Senator will find the letter which he wrote to me included in the hearings.

Mr. THYE. I thank the Senator. I should like to ask one other question. I refer to the subject of roll-backs. I am sure the Senator has in mind and has a complete understanding of the fact that if we were to roll back prices of dairy products, for example, to a date in May or June we would find that dairy products were at an all time yearly low in the spring due to flush high production.

Mr. MAYBANK. I may say to the Senator, who is a member of the Committee on Agriculture and Forestry, that the committee went fully into that with Mr. Trigg. As I remember, on June 15 soybeans, lambs, beef cattle, and wool were at parity. Milk was far below parity.

Mr. THYE. It was far below. Eggs, too, were far below parity. If we rolled back the prices of these commodities, which were below parity, we would do a great injustice to them.

Mr. MAYBANK. That could not be done under the law. Those prices could not be rolled back below parity under the Agricultural Adjustment Act which the Senator from Minnesota helped write.

Mr. THYE. I thank the Senator.

Mr. MAYBANK. I ask the Senator to refer to page 17.

Mr. THYE. Page 17 of the report?

Mr. MAYBANK. Yes. The Senator will note the reference to steel. For example, taconite plants require 2 or 3 years to build and an investment of approximately $20 per ton of annual capacity. That testimony was brought out before the committee by professors and the dean of the University of Minnesota.

Mr. THYE. The university has made long studies on the subject of taconite.

Mr. MAYBANK. They appeared before the committee.

Mr. THYE. I thank the Senator.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. MAYBANK. Yes.

Mr. STENNIS. As the Senator knows, this bill has not been before the Senate for a long time. The report was filed only this morning. I was very much impressed with it, and I shall support generally the bill. I want to ask him about the setting of prices on cotton, and call his particular attention to the fact that between the date of June 24 and the time the cotton is harvested and ginned, there can be an accumulation of very high production costs in the way of repeated applications of poison, depending on weather, weevil infestation, and a number of other elements. Is the Senator prepared to indicate how a situation of that kind could be taken care of?

Mr. MAYBANK. What did the Senator suggest?

Mr. STENNIS. I was calling the Senator's attention to the fact that between the date of June 24 and the time cotton is harvested and ready for market there can be quite an accumulated cost in the gathering of it, particularly with reference to boll-weevil infestation and repeated applications of poison. As the weather varies and the infestation varies, these costs could run up very high. Would those items be taken into consideration?

Mr. MAYBANK. I come from a cotton State and I know a little about cotton. I am familiar with the fact that the cotton crop last year was 16,200,000 bales. I am familiar with the fact that on Tuesday the crop was estimated by the Department of Agriculture, as the Senator knows, at 10,300,000 bales. That represents a loss of 36 percent, mainly because of the boll-weevil infestation, because of the cold spring, and because of acreage reductions. As Mr. Trigg testified before the committee—and I intend to put the testimony into the RECORD before we get through—the Korean situation had nothing to do with the advance in the price of cotton which was caused by the 36-percent reduction in the crop.

I know that the Senator from Mississippi is an able lawyer and was a distinguished jurist. I wrote an amendment, which I intend to offer as a committee amendment, proposing on page 45, at lines 9 and 10, to strike out "fresh fruit or any fresh vegetable" and to insert in lieu thereof "agricultural commodity." The adoption of the amendment would give the Department permission, should any roll-back in price come about, to consider:

Whenever a ceiling has been established under this title with respect to any agricultural commodity or any commodity processed or manufactured in whole or in substanial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields unusual increases in costs of production—

That would cover boll weevil infestation, and so forth. I know the hardship which the people of the Senator's State and my State are enduring because of the tragedies which are brought about by adverse weather conditions.

Mr. STENNIS. I thank the Senator. I am very much pleased that he has a definite plan and will offer the amendment to which he has referred.

Mr. MAYBANK. As a committee amendment.

Mr. STENNIS. I understand it will be a committee amendment.

Mr. MAYBANK. Yes.

Mr. STENNIS. When it has been approved by the committee.

Mr. MAYBANK. Yes. I discussed it with some members of the committee. I know that the Senator from Alabama [Mr. SPARKMAN] is very much in favor of taking care of the situation, and so is the Senator from Louisiana [Mr. LONG].

Mr. STENNIS. I certainly think that would be very salutary, sound, and fair amendment, and I wish to thank the Senator and the committee.

Mr. MAYBANK. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GRAHAM in the chair). The clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hendrickson	Maybank
Anderson	Hickenlooper	Millikin
Brewster	Hill	Morse
Bricker	Hoey	Mundt
Bridges	Holland	Murray
Butler	Hunt	Neely
Byrd	Ives	O'Conor
Capehart	Jenner	O'Mahoney
Chapman	Johnson, Colo.	Pepper
Chavez	Johnson, Tex.	Robertson
Connally	Kefauver	Russell
Cordon	Kem	Saltonstall
Darby	Kerr	Schoeppel
Donnell	Kilgore	Smith, Maine
Douglas	Knowland	Smith, N. J.
Dworshak	Langer	Sparkman
Eastland	Leahy	Stennis
Ecton	Lehman	Taft
Ellender	Lodge	Thomas, Okla.
Ferguson	Long	Thomas, Utah
Frear	Lucas	Thye
Fulbright	McCarran	Tydings
George	McClellan	Watkins
Gillette	McFarland	Wherry
Graham	McKellar	Wiley
Green	McMahon	Williams
Gurney	Magnuson	
Hayden	Martin	

The PRESIDING OFFICER. A quorum is present.

Mr. SPARKMAN. Mr. President, it is not my desire to take very much time in discussing some of the features of the pending bill at this time, but I wish to use a little time now because I consider this measure to be of great importance and to represent, at least to some extent, a departure from what we have done in the past.

Mr. President, this measure is far-reaching; it gives unusual and great powers to the President. It places within the discretion of the President the question whether the powers referred to in the bill shall be used, when they shall be used, and under what conditions they shall be used.

In order that we may have the entire measure before us, I should like to review very briefly the principal provisions of the bill.

The bill which was originally introduced, and upon which hearings were held before the Banking and Currency Committee, called for the establishment of priorities and allocations in the case of scarce materials or materials in short supply. It also called for a program whereby our productive capacity might be expanded to meet such needs as our mobilization effort might call for.

Roughly speaking, under the expansion program there was requested in the original bill a provision whereby production loans could be made—loans of the same nature and class as the well-known V-loans which were made during World War II.

There was also requested a provision whereby direct loans could be made to private industry, to aid in the building or the expansion of plants, to aid in the production of the supplies and materials which might be required in our defense effort. That requested program parallels one we had during World War II, under which a great deal of good was accomplished.

I may say the same thing in reference to the V-loan program. I do not have the figures before me at the moment; but as I recall, more than $10,000,000,000 was loaned in the form of V-loans during World War II, and 90 percent or more of those loans went to the small businesses of the United States and made it possible for them to participate fully in the wonderful production program this country staged during World War II.

The direct loans for plant expansion constituted another very worth-while program during World War II, and at least a parallel program was requested in the bill which recently came before us.

Another provision would have given to the President the power to establish such Government corporations as it might be necessary to aid in carrying on the program.

The committee approved the V-loan program. The committee approved the program for providing for loans for plant expansion. The committee also approved a provision, which I did not mention in my description a moment ago, in reference to the purchase of such materials and supplies as might be required.

The committee also approved the program for the requisitioning of plant facilities and materials, where that might be necessary in aiding the defense program.

However, the committee did not approve in whole the proposal to permit the President to organize new Government corporations. The committee voted to give the President the right to organize new agencies to have very largely the same powers which the proposed Government corporations would have had.

Frankly, Mr. President, I personally was in favor of giving the President the power to organize new Government corporations because I believe that in carrying on such a program—a program of a high degree of mobilization, if we reach that point—it will be necessary for the President to have that power in order that there may be sufficient flexibility to permit the meeting of the business demands which will be made.

Mr. SCHOEPPEL. Mr. President, will the Senator yield, or does he care to yield at this time?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Kansas?

Mr. SPARKMAN. I yield.

Mr. SCHOEPPEL. Mr. President, I am interested in what the junior Senator from Alabama has had to say about the proposal to organize new Government agencies, rather than new Government corporations. Is it the judgment of the junior Senator from Alabama that if new Government agencies rather than new Government corporations were established we probably would have to go through a more extensive and prolonged period in order to get the job done, as compared to what would have been the situation if we permitted the inclusion in this bill of a provision for some pattern or form of a new Government corporate set-up?

Mr. SPARKMAN. Yes, I believe the simpler and more businesslike method of handling the matter would be to provide for the setting up of new Government corporations possessing corporate powers and with the flexibility of corporations.

Of course, the opposition to that proposal was very largely based upon an objection which has been posed from time to time by the Comptroller General of the United States. He has objected to the auditing of the accounts of Government corporations, as opposed to the auditing of accounts of the regular Government agencies.

I believe that had it not been for the feeling on the part of many Members of the committee that the auditing of the accounts of Government agencies was better than the auditing of the accounts of Government corporations under the Government Corporation Control Act, the committee would have voted in favor of the provision which had been requested.

Personally, I felt that we should have done it anyway; but a majority of the committee felt otherwise. For that reason, the bill has been reported in the form in which it now comes before the Senate—in short, denying the right to organize new Government corporations.

Mr. SCHOEPPEL. Mr. President, will the Senator yield for a further question?

Mr. SPARKMAN. Certainly.

Mr. SCHOEPPEL. Does the Senator from Alabama feel that it would have been cheaper, from the standpoint of the American taxpayer, to have continued to proceed by means of Government corporate set-ups, rather than by means of new Government agency set-ups?

Mr. SPARKMAN. Yes, personally I feel that is true—in short, that it would have been cheaper, simpler, more efficient, and more effective.

As I said a moment ago, I am convinced that if we reach a reasonably high degree of mobilization—and I think we shall—it will be necessary to change this provision and to give the President the right to establish new Government corporations.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. DOUGLAS. Is it not true that if Government corporations were established it would be impossible for the Comptroller General, as an agent of the Congress, to audit the books of such organizations, and therefore those corporations would be out from underneath any congressional control, whereas if they were agencies, we would, at least, be able to check up and see how the money was spent. Is not that true?

Mr. SPARKMAN. No; I must say that I do not agree with my friend the able and distinguished Senator from Illinois. As a matter of fact, the committee had before it, at the time when it was considering this proposal, a letter from Mr. Lindsay Warren, Comptroller General of the United States, in which he suggested merely the changing of four words. He said that he felt that change would have brought the corporations proposed to be organized clearly under the Government Corporation Control Act, and would have made it possible for their accounts to be properly audited by the Comptroller General. I felt that we should have adopted the amendment suggested by the Comptroller General and should have given the President the right to organize corporations.

Mr. TAFT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Ohio?

Mr. SPARKMAN. I yield.

Mr. TAFT. Whether it be as a corporation or as an agency, does not the Senator agree that we are giving the President $2,000,000,000 with which to go into any business he desires?

Mr. SPARKMAN. Yes; that is correct. Of course, when the Senator says "any business he desires," I at least would certainly limit it to the objectives of the bill.

Mr. TAFT. But would the President so limit it? It was only 2 years ago that the President told the Congress that he thought he ought to have power to go into the steel business, and he caused to be introduced in the House of Representatives the Spence bill, giving him exactly the authority in peacetime which is sought in this bill. If he believed he ought to have that power—and the terms of the bill are broad enough to cover almost any commodity—why does the Senator think the President necessarily will feel in any way confined to those things that are needed for the Army?

Mr. SPARKMAN. I do not think the Senator's deductions are at all correct. Under the terms of this bill, I do not think the Government is authorized to go into business generally. The provision to which the Senator has reference does not authorize the President to establish plants, to build Government plants, or to go into Government operation generally. It does provide the $2,000,000,000 for the purpose of making credit available to permit industry to expand plants for defense production, and for the operations of any such new agencies as may be set up. Now, here is what we have in mind——

Mr. TAFT. Mr. President, will the Senator yield?

Mr. SPARKMAN. I should like to say a word further so as to finish my answer to the Senator's first question. Here is what we had in mind: During World War II authorization was given to establish corporations. I well remember our effort to build up a stockpile of critical and strategic materials prior to World War II. We were getting nowhere under the existing agencies and departments of the Government. True, we were building up the stockpile gradually, but very, very slowly. Finally, authorization was given to the President to set up corporations, and the Reconstruction Finance Corporation went into the program of building up our stockpiles, and we made tremendous headway from that time until we became engaged in the war.

There were set up such corporations as the Defense Supplies Corporation and the Rubber Reserve Corporation, and, as I recall, one with respect to tin. We have some four or five, and perhaps the one which accomplished the most good so far as promoting the war productive capacity of the country was concerned with the Smaller War Plants Corporation.

We tried for a long time to operate through the existing agencies and departments of Government, and we tried in every way we could to develop a program whereby smaller business would have a chance to operate, to share this Government business, and to do its bit for our defense program. We got nowhere. About all they could hope for was to get some of the subcontracts, the crumbs from the table, until the Smaller War Plants Corporation was created. I believe one of the most successful corporations we had in the whole war was the Smaller War Plants Corporation. That is the kind of corporation which was contemplated under this provision, had it remained in the bill as the President requested.

Mr. TAFT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Ohio?

Mr. SPARKMAN. I yield.

Mr. TAFT. I am sorry to say I do not think that is the kind of corporation the President contemplated at all, and I call to the Senator's attention the fact that powers given are "to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale; and (2) for the exploration, development, and mining of critical and strategic minerals and metals." So the President can go "whole hog" into the mining business.

Subparagraph (C) of section 303 provides:

> The procurement power granted to the President by this action shall include the power to transport and store, and have processed and refined, any materials procured under this section.

In other words, it seems to me there is wide-open power to go into any business without any limitation whatever, except that it must be done to assist in carrying out the objectives of this act. That is broad enough so that the President can very easily make a finding and can at any time go into any business he chooses. In my opinion the issue is not whether it is a corporation or an agency—that does not make any difference to me—it is a matter of convenience, and one perhaps is better than the other. The Senator has referred to World War II. But the question is, Shall we in peacetime give the President the power to go into any business he chooses? That appears to me to be the issue that is raised by sections 303 and 304.

It seems to me that if the Government wants to go into business, it ought to tell us what that business is. If there is something which only the Government can do, or which it can do better than others, I am quite willing to give the Government authority to do it. But I object to broad, open power being given to the President to go into any business he chooses, particularly when he has already indicated his belief that if he thinks some industry is not expanding rapidly enough, or is not doing something he thinks it ought to do, then the Government ought to have the right to go into that business.

Mr. SPARKMAN. Mr. President, of course I can say that I differ wholly and completely with the Senator from Ohio in his interpretation of what can be done under this provision. The Senate Banking and Currency Committee worked for a very long time in perfecting this proposed legislation. I believe that anyone who will read the committee report, particularly pages 18 and 19, will see a very clear statement as to what were the purposes we had in mind, the purposes which were stated to us in the testimony before the committee. I repeat that no provision contained in title III or in any other part of this bill gives the Government any sweeping or general authority to go into any business, buy any business, or operate any business. This is a program that is completely parallel with and similar to the program we used so well to make ourselves ready and able to carry on and to do the magnificent job we did all through World War II.

Mr. DOUGLAS and Mr. SCHOEPPEL addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Alabama yield; and if so, to whom?

Mr. SPARKMAN. I yield first to the Senator from Illinois.

Mr. DOUGLAS. Is it not true that in this period, which is certainly not a period of peace, whatever else it may be, we may be in danger of a shortage of rubber and tin, as during World War II, and that there is need therefore to make large purchases of natural rubber and tin, not merely for stockpiling, but for current use?

Mr. SPARKMAN. The Senator from Illinois is absolutely correct. As a matter of fact, we know that we would feel much better if we had a much larger stockpile of natural rubber than we have now. We have continued the operation of some of the synthetic rubber plants ever since the end of World War II, and even within recent weeks have opened several additional synthetic rubber plants. We of course never released control over tin following World War II. I cite that to show that we have actually exercised some of these powers continuously, even since the end of World War II. We know that if the time comes when we must go into an all-out mobilization, we are going to need a great many more of the critical and strategic materials, of which we do not have a sufficient supply today.

Mr. DOUGLAS. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. DOUGLAS. Is it not also true that we are rapidly approaching the bottom of the barrel so far as high-grade iron ore resources are concerned, particularly those on the Mesabi Range, and that it will be necessary for us either to get high-grade iron ore from Labrador or Venezuela and bring it in my boat, or to develop the taconite process, or low grade ore on the Mesabi Range. If that is used, the process will require capital investment on the range itself, and will need an investment of capital which the big steel companies do not want to make, but which in the national interest should be made, in order that the objective may be realized.

Mr. SPARKMAN. I think the Senator is entirely correct. I remember that in the early days, before we got into World War II, high officials of some of our large producing companies made statements, which apparently were completely conclusive, that we did not need additional plant capacity in their particular line. That was true with reference to steel; it was true with reference to aluminum; it was true with reference to many of the things of which we needed a great expansion before we got very far into the war program. Certainly we may expect that situation to occur again.

Mr. SCHOEPPEL rose.

Mr. SPARKMAN. Mr. President, I shall yield to the Senator from Kansas in just a moment, if he will permit me to finish this statement.

I remember that during World War II we were cut off from South American bauxite deposits by reason of submarine operations in the Gulf of Mexico. There was a time when not a single shipload of bauxite could get through from South American ports to our Gulf ports because of submarine activity, and we were thrown back upon our own bauxite resources in this country. We were told at that time that if we continued the then rate of production of aluminum, relying solely upon our own bauxite resources, and did not develop new methods of using low-grade bauxite, our entire supply would be exhausted in 18 months.

Mr. President, in time of war, in time of great national emergency, that is a very narrow margin upon which to operate.

I cite one further example. The week before last I heard a news report telling about the unloading of a shipload of manganese in this country. If there is one commodity which we desperately need, it is manganese. Where did that shipload of manganese come from? It came from Russia. Are we going to be dependent, in case of war, upon Russian manganese or upon manganese from a few countries behind the iron curtain?

Mr. President, I want to say that the time is late; it is later than many of us realize. The situation is more serious than many of us are willing to admit, and this is no time to be playing with half-way measures when it comes to authorizing the President to build up our stockpiles and our plant capacity where it may be needed in order to make us and keep us strong. That is all in the world that title III of this bill seeks to do.

I now yield to the Senator from Kansas.

Mr. SCHOEPPEL. Mr. President, I apreciate the fact that the members of the committee have given a great deal of study to this measure. Turning to the matter about which the senior Senator from Ohio was interrogating the Senator fram Alabama, is it the feeling of the members of the committee who worked on this measure and who are now submitting it to the Senate, that the President of the United States, under this bill, would establish new businesses, new enterprises, when there are already in existence businesses which might be able to do the required job?

Mr. SPARKMAN. I may say to the Senator from Kansas that I am glad he has asked that question. The answer, categorically, is "No, not at all." There is nothing in this bill which authorizes the Government of the United States to go into any kind of business except so far as the purchase of strategic and critical materials is concerned. In my opinion it does not give any general authority to the President to build new plants. During World War II the Government did build many war plants for all kinds of purposes, but there is no such general authority contained in this bill. It does authorize the Government to make loans to private enterprises to expand their plants and to do whatever may be necessary to enable them to do their share in making the Nation ready.

Mr. SCHOEPPEL. I will say to the distinguished Senator from Alabama that with that I heartily agree, and I think it is the attitude and the feeling of the members of the committee that so long as there are in this country companies, organizations, corporations, and associations, developed under our great free-enterprise system, which are capable of doing this job and have the capacity to do it, I am sure it must have been the intention of the members of the committee to see that such enterprises, typically American, shall have the right and the opportunity to furnish the material and the supplies which we so badly need now and which we shall need in the future if a greater degree of war activity should be necessary.

Mr. SPARKMAN. I am in complete accord with the statement of the Senator, and I am sure he voices the sentiment of the entire membership of the committee.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. WHERRY. Mr. President, I deeply appreciate the observation made by the Senator from Alabama, because if we are to take the background of this proposed legislation as it has been presented it will be helpful in the interpretation of what may or may not be done in the future. But I submit that section 303 goes beyond the limitations of section 302. In fact, on page 19 of the report, dealing with metals, minerals, and raw materials, it is suggested that it is the purpose to overcome these limitations.

I am in complete accord with the purpose of acquiring strategic materials. We have already provided authority for that through legislation, and I certainly would favor expanding that authority, but I ask the Senator, even though his interpretation of section 302 is what he has stated, how can he reconcile that with the second provision, in section 303 (a), which provides as follows:

> To assist in carrying out the objectives of this act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other raw materials—

And so forth. That goes beyond loans, does it not?

Mr. SPARKMAN. That amendment, the Senator may be interested to know, was placed in the bill on the suggestion of the Senator from Wyoming [Mr. O'MAHONEY], and I believe it was also suggested, or something similar to it was suggested, by the senior Senator from Minnesota [Mr. THYE] and the junior Senator from Minnesota [Mr. HUMPHREY], who were particularly interested in taconite. Of course, the Senator knows that during World War II there was a similar program under which we subsidized—I do not know whether the Senator likes that term—mining and the development of our natural resources. It was felt that it was necessary to do that again. We are not exactly in a bad way, but certainly we are not in the best way in the world, with reference to iron ore. There is a great development of it in South America, in Venezuela. It is very fine, high-grade iron ore. It is contemplated that it will be mined and shipped across the Gulf of Mexico to the port of Mobile and on up to Bir-

mingham and to eastern seaboard plants at Philadelphia and Pittsburgh. There is another great deposit in Labrador. But suppose we should encounter the same difficulty which we encountered in the last war, with ships being unable to get across the Gulf of Mexico. We may find ourselves in a very bad way with reference to such material.

I believe the Senator from Nebraska will agree that we should go into some kind of exploration, study, and research with reference to the development of taconite. This provision of the bill is written to authorize such things as that, and that is all.

Mr. WHERRY. If it were limited in that respect I would have no objection, and I think the categorical answer "no" to the question propounded by the Senator from Ohio [Mr. TAFT] would be correct with respect to this section. However, I submit to the distinguished Senator from Alabama that as I read subdivision 2 it would permit the very thing which the Senator from Ohio referred to. I am in total agreement with the objective of the Senator from Alabama regarding any strategic materials. I believe that if the need is shown and the material cannot be produced through the facilities which we have the Government ought to take steps to procure these critical and strategic materials and by purchase, if possible, accumulate them for our needs. However, that is an entirely different thing.

Mr. SPARKMAN. I think the Senator will go further and say that the Government should help even in those cases where the cost of production is high because of the transportation distance or because of the high cost of production, or the low grade of the material.

Mr. WHERRY. That would depend on the basis of need. I think that situation could be brought about as has been presented by the able Senator. However, that does not answer my question.

Mr. SPARKMAN. I suggest that that is exactly what subdivision 2 seeks to do. I cannot speak for the chairman of the committee or any other member of the committee, but, so far as I am concerned, if the Senator from Nebraska feels it needs clarifying language, for instance, to provide that it shall apply to "aid in the exploration" or "aid private enterprise in the exploration," or words to that effect, I would have no objection. Perhaps it might be a little objectionable if we said "aid private enterprise," because I think the Government would probably want to send its own men to make surveys and studies, and do some work and it should have the right to do so.

Mr. WHERRY. I would have no objection to such a provision, and I think clarifying language to carry out the intent of the committee would be helpful. To the extent that the Senator has gone thus far I cannot see how anyone could object to the objectives which he has outlined.

On the other hand, certainly, as I read the language, it is capable of being interpreted to mean that the Government could do the very thing that was suggested, namely, through development and producing the facilities, enter into competition with private enterprise.

I happen to have had something to do with steel when I was formerly on the Small Business Committee. I know that the situation of which the Senator speaks has come to pass. The steel companies are doing their very best to get procurements to enable them to go into Venezuela and other countries in order to obtain iron ore. Great plans are being made. However, I think this section would give the Government the same right in the case of steel as in the case of other strategic materials. For example, the Government could embark on the operation of steel plants, unless the provision is limited to the metals the Congress may want to specify by appropriate language, which will so clarify the meaning that it will be interpreted exactly as the Senator from Alabama is now advising the Senate.

Mr. SPARKMAN. I can assure the Senator from Nebraska that that is what the Committee on Banking and Currency had generally in mind when it wrote this section.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. WHERRY. I believe that in the report, at page 19, the committee attempts to set forth that fact. The broad language on page 19 indicates to me that we should go further. If necessary, I would want the committee to go further. However, how much further will the committee go? Will the materials which are strategic and the ones which the Government will acquire be mentioned by name, or does the provision open up all fields?

Mr. SPARKMAN. If the Senator will refer again to subdivision 2, he will note that it is limited to critical and strategic minerals and metals. Such metals and minerals represent a well-defined list. I do not think anyone could dispute the fact that we have a well-defined list of critical and strategic minerals and metals.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. SPARKMAN. Yes.

Mr. WHERRY. While it is true that certain materials are listed as critical materials today, it is also true that these same materals may not be critical tomorrow. There are materials, no doubt, which are not being dreamed of as being critical by the standards of World War II, which may become critical very shortly. Subdivision 2, in the next paragraph, states:

> The purchases for resale under this subsection shall not include agricultural commodities except insofar as such commodities may be purchased for resale for industrial uses or stockpiling.

We would get into wool and cotton, which could become very critical before the war was over. It would include subsidies and other things.

Mr. SPARKMAN. We have those materials on hand.

Mr. WHERRY. That is correct.

Mr. SPARKMAN. We have domestic supplies, and they are subject to allocation.

Mr. WHERRY. That proves the point that I am trying to bring to the Senator's attention. I say while it is the intent of the distinguished Senator from Alabama to limit the application to strategic materials where the need for development is shown—and the Senator mentioned two particular minerals which he thought should be developed—in order to carry out the objective, if we interpret the language literally as it is written, it seems to me that it does not narrow the field to what the Senator from Alabama has so eloquently suggested to the Senate.

Mr. MURRAY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Montana?

Mr. SPARKMAN. I yield.

Mr. MURRAY. Mr. President, I think I am somewhat familiar with what was in the mind of the Senator from Wyoming when he suggested the language of subdivision 2. We have in this country a great many deposits of critical and strategic materials, but they are of such low grade that in ordinary times they cannot compete with the foreign production of such materials.

Mr. SPARKMAN. Manganese is an outstanding example.

Mr. MURRAY. We have tremendous deposits of manganese in Montana.

Mr. SPARKMAN. And graphite.

Mr. MURRAY. Ever since I have been in the Senate I have been aiding the manganese industry. During the last war, as well as during the First World War, we produced huge quantities of manganese under a system by which the Government, through price incentives, stimulated its production. I do not think the language can be susceptible to the inference that it is intended for the Government to set up corporations to carry on the development. I think it merely means that we will do what we did in the First World War and in the Second World War, namely, provide methods of inducing the owners of properties of that kind to develop them for purposes of war.

Mr. WHERRY. Mr. President, will the Senator from Alabama yield so that I may ask the Senator from Montana a question?

Mr. SPARKMAN. I shall be glad to do so, with unanimous consent that I do not lose my right to the floor.

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Nebraska for that purpose?

Mr. SPARKMAN. I shall be glad to do so provided I do not lose my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WHERRY. I appreciate the legislative history which is being written here. Apparently intent is one thing, and interpretation is another. Let us take section 303 (a). It reads:

> SEC. 303. (a) To assist in carrying out the objectives of this act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale—

That would include everything.

Mr. MURRAY. I assume that refers to the purchase from foreign countries of these metals and minerals which we do not produce in this country.

Mr. WHERRY. It does not say so.

The PRESIDING OFFICER. Does the Senator from Alabama yield further to the Senator from Nebraska?

Mr. SPARKMAN. Yes.

Mr. WHERRY. That is the point I am trying to make. I can see what the intent is. I am not quarreling too much with the objectives in mind, especially if it is a question of strategic materials. That would be one thing.

I again ask the distinguished Senator from Montana whether subdivision (1) is not capable of being interpreted to mean that the Government can purchase for use or for resale metals and minerals, raw materials and fuel, anything the Government wants to buy. Does it not cover the whole book?

Mr. MURRAY. Yes.

Mr. WHERRY. That is what I thought.

Mr. SPARKMAN. Certainly we should have an understanding when the Senator says it gives the Government the right to purchase anything. First of all, we limit the power "to carrying out the objectives of this act." I think we should remember the legislative history of that provision permitting resale, because it has been included in every stockpiling law we have passed. There are some materials, as the able Senator from Nebraska well knows, which will deteriorate after so long a time so the very first time we passed a stockpiling law we gave the President the right to resell in order to rotate the fund, and keep the stockpiles built up.

Then there is another consideration. Some industry, some particular company, might run short of materials the Government might have on hand. For instance, it is conceivable that some steel manufacturing company might run short of manganese, and we felt it necessary that the Government have the right to sell to such a company when it became necessary. The language we are discussing is the same language we have had in our stockpiling laws from away back before the Second World War.

Mr. WHERRY. Would the Senator say this is the exact language?

Mr. SPARKMAN. No. I am not willing to say it is. I am certain it is very similar, if not identical.

Mr. WHERRY. The resale clause is in the bill, and I agree it should be in, because if materials which are likely to deteriorate can be sold, they should be sold. That still is not the answer to the question I have asked. I have not yet had time to study the bill, it came to my desk just this noon, with the report, and it might be that after studying and reading the report some of my questions might be cleared up. But no emergency has been declared, and I am apprehensive of establishing in time of peace the right of the Government to enter into business, in direct competition with private enterprise, on a wholesale basis, if that is what subdivisions (1) and (2) can be interpreted to mean.

Mr. President, I deeply appreciate the legislative history that is being made. Apparently subdivision (2) is intended only to apply to strategic materials which are in scarce supply. That is one thing. The distinguished Senator, for his example, referred to very scarce materials, and there is no objection on that score. But when we come to material which is not scarce, which might become a little scarce tomorrow, for instance, fuel oil, which is so important in a war, the answer might be different. Perhaps 6 months ago the supply was short; today it is in long supply. Perhaps the supply will get longer, perhaps it will be shorter. Is the proposal to permit the Government to get into the production and development of fuel oil?

I know the supply of manganese is very short. Probably we would not have the difficulty with manganese. If the language means only what the sponsors of the legislation say it means, that is one thing, but I submit that the language is capable of being interpreted to include, as I said to the Senator from Montana, everything in the book.

Mr. SPARKMAN. Mr. President, I appreciate the Senator's concern about this question. The whole committee, I assure him, was just as greatly concerned, and if the Senator will read the hearings, he will find the questions which were propounded from time to time. If he will read the report he will see that we have tried to give the legislative background in such a way as to make it absolutely clear.

If the Senator from Nebraska will read the statement of policy he will see exactly what I mean. I refer the able Senator to the concluding sentence in the declaration of policy, on page 29 of the bill. This is an amendment which the committee itself added. It reads:

> It is the objective of this act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this act to promote the national defense, by meeting, promptly and effectively, the requirements of military programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use—

And listen to this language, which was added by the committee—

> within the framework, as far as practicable, of the American system of competitive enterprise.

In the particular paragraph of section 303 to which the Senator referred we again say that to carry out the objectives of this act the President shall do these things.

The able Senator has made reference to the fact that the report was placed on our desks just at noon today. The able Senator from Kansas referred to the same fact. We would have much preferred, if it had been possible, to have the report in the hands of every Senator for at least 24 hours before taking up the bill, but it simply was not possible to do that and to do the careful and thorough job which every Senator, when he reads the report, will discover has been done.

By the way, Mr. President, at this point I wish to pay my respects to the staff of our committee, to the legislative counsel, and to others who helped us through the hearings, through the formulation of the bill, and through the preparation of the report. I believe that during the time I have been a Member of the Senate I have never seen a report of a committee drawn with more care in order to make absolutely clear what was intended by the committee, and what was in the minds of the members of the committee with reference to the proposed legislation.

We have tried to set forth the legislative history just as fully as it was possible to do so in the relatively small number of pages used. That is the reason for the delay in Senators' getting the report. I feel confident that when the Senator from Nebraska, the Senator from Kansas, and other Senators have the opportunity to read the report, read the legislative background, and read the references made to the bill itself, each and every one will be satisfied that the intention of the committee was to do nothing more nor less than what the Senator from Nebraska stated he would have liked done.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Nebraska.

Mr. WHERRY. It is very difficult for me to ask my question without making an observation which I should like to make, but I would not want to be called down for violating the rule.

Mr. SPARKMAN. I ask unanimous consent that the able Senator from Nebraska be permitted to make his observation, provided I do not lose my right to the floor.

The PRESIDING OFFICER. If there is no objection, the Senator from Nebraska may proceed.

Mr. WHERRY. I did not mean to indicate, by any stretch of the imagination, that because the report was not on our desks before noon I was complaining.

Mr. SPARKMAN. I understood that, but I desired to give this word of explanation, and to urge Senators, even at this late hour, to read the report before we come to a final vote on the bill.

Mr. WHERRY. I appreciate the fact that the committee has done its level best to conduct all the hearings, hear the witnesses, and get the report out as quickly as possible, and I express my appreciation for the work done by the committee.

Mr. President, I merely made the observation that, in view of the fact that we had had the bill and report only since noon today, some of the questions we are asking, so far as the legislative history is concerned, might be cleared up if we had an opportunity to go into the bill and the report. But merely from a reading of the bill—and that is all we had before us until noon today—I have asked questions, because I feel it is important to do so in making this legislative history, so I may know exactly what was intended by the bill and what the committee had in mind.

The Senator is a member of the Small Business Committee. I hope his experience on that committee in the future will intensify his desire to protect the competitive enterprise system. It is one thing to subsidize and to permit the Gov-

ernment to purchase the materials in question. It is another thing to protect the competitive industry of the country, while everything is done to accomplish what is necessary to be accomplished. The legislative history being made today certainly will clear up many points in connection with the interpretation of the section.

Naturally, as one who believes in the competitive enterprise system, as I know many other Senators do, I think these questions are very proper to be asked at this time. Possibly a reading of the report and also of the hearings will give us knowledge as to the intention of the members of the committee. I feel at this point that, while we have had a very satisfactory explanation by the Senator from Alabama [Mr. SPARKMAN] and by the Senator from Montana [Mr. MURRAY], yet the provisions are quite broad, and it may be helpful if we can at least add some clarifying language, at least to satisfy some of us who are apprehensive about the situation, to show that it is not the intention of the Government to go into business in competition with private enterprise all the way along the line, but merely so that the necessary facilities can be obtained, and that purchases and sales can be made to accomplish the necessary results, but that the intent is that in the acquirement of the strategic materials we shall follow the course that was established in the world war, and confine the Government's activities to the strategic materials necessary to the national defense, to supply the machinery necessary to be supplied in time of war as well as obtaining enough of such materials to take care of civilian requirements.

Mr. LONG. Mr. President, will the Senator yield?

Mr. SPARKMAN. I shall yield to the Senator from Louisiana in 1 minute.

I may say to the able Senator from Nebraska that I appreciate the concern on his part which prompted his question. I did not intend to indicate by what I said that I was at all restive under his questioning. His questions were wholly proper. I am glad to answer them. They gave me the opportunity to make statements as to the position of the committee. The able chairman of the committee was not on the floor when the colloquy began, but I think he would agree with the statements I made.

I believe that when the report is read and when the bill is studied in the light of the report, all Senators will realize that a most careful job has been done.

By the way, Mr. President, in this connection, I should like to refer to the chairman of the committee who made the opening statement on the bill. He gave us a very clear statement regarding it and answered the questions of many Senators. I want to pay my compliments to the chairman of the committee for the excellent job he did in framing the legislation. It was a difficult piece of legislation to handle in the hearings, in the committee, in the drafting of the bill, and in the preparation of the report. The chairman of the committee, the able Senator from South Carolina, did such a magnificent job—I am sure every member of the committee will agree—that when the bill finally came up for final report the vote on it was 13 to 0—a unanimous vote in favor of reporting the bill.

I now yield to the Senator from Louisiana.

Mr. LONG. Mr. President, I wish to congratulate the distinguished junior Senator from Alabama for the fine presentation and explanation he is making of certain sections of the bill.

One question arose in my mind in connection with the section which is now under discussion. I wonder if the Senator from Alabama has given any consideration as to whether section 303, in giving the President the power to make provision for the exploration, development, and mining of critical and strategic minerals and materials, might give the President the right—which I do not believe he presently possesses—to develop or to lease the tidelands, which are so much in controversy at the present time between certain coastal States and the Central Government?

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I ask unanimous consent, Mr. President, that the able Senator from South Carolina, the chairman of our committee, may be allowed to answer that question, without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MAYBANK. Mr. President, first I desire to thank the Senator from Alabama for the very kind remarks he made about me. I am certain I do not deserve them. I want to say to my friend the Senator from Louisiana——

Mr. WHERRY. Will the Senator from South Carolina please raise his voice a trifle? It is difficult for us on the other side of the aisle to hear, especially when the Senator turns around to address another Senator who stands farther away from us.

Mr. MAYBANK. I merely wish to say to the Senator from Louisiana, who has raised a question as to tidelands oil, a subject which has been debated on many occasions in the Senate, and which has been voted upon, and with respect to which many southern States have adopted resolutions, and even passed bills, that there was never the slightest thought on the part of the committee that the tidelands oil, which raises a debatable and argumentative question, should be involved in this bill. That was my understanding, and that I believe was the understanding of the administration, which wants to have the pending bill passed as soon as possible.

I assure the Senator from Louisiana that so far as I am concerned—other members of the committee can speak for themselves—I certainly never conceived of the idea that the tidelands oil would be taken over by the Government, especially after so much debate has been had upon the subject in the Senate, and after so many votes have been taken on it, and after the Supreme Court decisions have been rendered with respect to the subject, and after resolutions have been adopted and laws passed by various States.

I merely wanted the RECORD to show that there was no thought of that. I understand how the Senator from Louisiana feels about the subject, because so many ghosts have been raised in connection with the bill that some might be led to believe the Federal Government was going to take over everything. All we want to do by this bill is to control strategic materials and products necessary to the national defense, to the end that we can defend ourselves.

Mr. LONG. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LONG. It is my understanding that there have been opinions by the Attorney General to the effect that the Federal Government does not at this time have the authority to lease or develop the tidelands without authority from Congress. I wanted it understood, if the Senator sees it that way, that it is not the intention of the language in question to confer upon the President or the Government the authority to lease the tidelands or to develop them?

Mr. SPARKMAN. Mr. President, I endorse the statement made by the able chairman of the committee that certainly there was not in the mind of the committee—in fact, I dare say not in the mind of any single member of the committee—any thought of anything in this bill having to do at all with the highly controversial tideland-oil question.

Mr. LONG. I thank the Senator.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. WHERRY. In order that a case may be presented to the Senator to which an answer can be given so as to make the record more clear, I wish to present the following: In the event that fuel should become short—and during the last war there was a question of subsidizing stripper wells, and so forth, and so on, as the Senator recalls—would section 303, as expanded, permit the Government to prospect for oil or dig oil wells, and to acquire fuel oil, if the Government felt that it was in the interest of national defense to do so?

Mr. SPARKMAN. My own feeling is that there is nothing in clause (2), the clause to which the Senator has referred, that would permit the handling of anything having to do with oil. It is restricted to minerals, critical and strategic minerals, and metals. I call the Senator's attention to the fact that in clause (1) the President is authorized, under certain conditions, to purchase fuel oil. I want to be certain the Senator did not overlook that.

Mr. WHERRY. I understand that.

Mr. SPARKMAN. But that has to do with purchases. That has nothing to do with development.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. WHERRY. I am talking about facilities, and the use of facilities. Is there anything in any section that would permit the Government to prospect for oil or drill for oil?

Mr. SPARKMAN. Not at all. I repeat there is nothing in any section that would authorize the Federal Government generally to build anything or to develop or operate anything.

Mr. WHERRY. Will the Senator yield for one more question?

Mr. SPARKMAN. Yes.

Mr. WHERRY. Does the Senator feel that clause (1) or clause (2) of section 303, under subsection (a) provide authority for the Government to go into the production of steel in the event of war?

Mr. SPARKMAN. Steel?

Mr. WHERRY. Yes.

Mr. SPARKMAN. Once more I say: Nothing in this bill authorizes the Government generally to go into the production of anything. What the committee had chiefly in mind with respect to the program contemplated under section 302, was the making of loans to a private steel company, for instance, to enable it to expand its plant capacity.

Mr. WHERRY. Mr. President, will the Senator yield for another question?

Mr. SPARKMAN. Yes.

Mr. WHERRY. We have been talking about section 303. Let us now return to section 302, which is the loan section. I think I understand the Senator correctly in what he has said. His interpretation is that there is no provision in section 303, subsection (a), clauses (1) and (2) that provides for the building of facilities by the Government in direct competition with private enterprise, to produce oil or to produce steel, and, therefore, we could say, a lot of other material?

Mr. SPARKMAN. The Senator is correct.

Mr. WHERRY. I should like to ask the distinguished Senator a further question. Does section 302 or any other section provide that the Government can loan money to a new corporation and set it up in direct competition with businesses already in operation in the fields I have just mentioned; or in order to get materials to businesses already in operation, if they needed the materials, would the policy be to keep them at such a price that a subsidy would be required?

Mr. SPARKMAN. Let me call attention to the exact language of section 302:

> To expedite production and deliveries under Government contracts for the procurement of materials for the national defense.

So there the three things I have mentioned are tied in, namely, first, "to expedite production and deliveries"; second, "under Government contracts"; and third, "for the procurement of materials for the national defense."

Then we find the following:

> The President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises for the expansion of capacity, the development of technological processes or the production of essential materials.

It seems to me the language is very clear, Mr. President.

Mr. WHERRY and Mr. FERGUSON addressed the Chair.

The PRESIDING OFFICER (Mr. GRAHAM in the chair). Does the Senator from Alabama yield; and if so, to whom?

Mr. SPARKMAN. I yield first to the Senator from Nebraska, in order to permit him to finish his questions.

Mr. WHERRY. I thank the Senator.

Let me ask this question, please: Does this provision mean the expansion of a particular plant or the expansion of the entire industry in order to provide the material?

Mr. SPARKMAN. I may say that in my opinion—although I do not recall that this point was specifically brought out in the committee—it would not necessarily be limited to existing companies.

Mr. WHERRY. That is the point.

Mr. SPARKMAN. For instance, the Senator from Nebraska will remember that in World War II it was necessary to bring in new producers. For instance, off-hand I think of the expansion of the aluminum industry. The Reynolds Co. had never produced aluminum; it had been a fabricator of aluminum products. But under the Defense Act, the Reyonlds Co. obtained a loan from the RFC, and built a plant for the conversion of bauxite into ingot aluminum.

Similarly, the Kaiser Co. engaged in steel production; and there were many other similar concerns, which the Senator from Nebraska can recall very quickly, I am sure.

Certainly it seems to me that in instances where a new producer came into the field, and where new production in that field was needed, the President would be empowered, under this section, to make such loans.

Mr. FERGUSON. Mr. President, will the Senator yield to me at this time?

Mr. SPARKMAN. I yield.

Mr. FERGUSON. The distinguished Senator from Alabama indicated that there is nothing whatever in the bill which will permit the United States Government to enter into the production of equipment or the manufacture of goods. Is there anything in this measure which would permit the Government to form corporations similar to the RFC or corporations to which the Government might make such loans, and thus indirectly, through a Government corporation, go into the manufacturing and the production business?

Mr. SPARKMAN. No; I say to the able Senator from Michigan that no such provision is included in the bill. In the bill as originally requested there was a suggested provision to authorize the President to set up Government corporations to do certain things—for instance, to engage in the purchase of strategic and critical materials and to engage in such functions as those which were performed by the Defense Supplies Corporation, the Rubber Reserve Company, the Smaller War Plants Corporation, and similar organizations during the Second World War.

We discussed this matter a little earlier.

The committee struck out the authorization for the creation of Government corporations, and nowhere in the bill is there any provision whereby the Government, either itself or through any agency or corporation, can operate any business.

Mr. FERGUSON. Mr. President, I recall that the distinguished Senator indicated that in the preamble to the bill there is language to the effect that all the powers conferred by the bill itself are to be under the American system of competitive enterprise. Does the Senator believe that is a restriction on the President, so that he must act under it; or is it only preamble language which is advisory?

Mr. SPARKMAN. Of course it is in the declaration of policy, and the Senator from Michigan well knows the effect of a declaration of policy.

Mr. FERGUSON. It is really the preamble, is it not?

Mr. SPARKMAN. I call the Senator's attention to the fact that all the way through the bill are to be found statements of "in keeping with the objectives of this act." The bill constantly refers to that expression. I say that certainly it was the intention of the Banking and Currency Committee that that should be controlling upon every part of this proposed legislation.

Mr. FERGUSON. In effect, it really is a limitation; is it not?

Mr. SPARKMAN. If the Senator from Michigan wishes to speak of it as a limitation, he may do so, of course. I think it is a directive.

In other words, I do not admit for a moment that had we omitted that statement, there would have been any provision of power to do otherwise. It is a further expression of our intention.

Mr. FERGUSON. Does it make any difference whether it is in or is not in the bill, so far as it affects the President's power?

Mr. SPARKMAN. Certainly it is a further expression of our intent. All the way through the bill we refer to the objectives of the act, and we certainly intend that that shall be the spirit in which the act is administered.

Mr. FERGUSON. Then if this matter ever reached a court, the court would take this language as being indicative of the desire of Congress; and in construing the act, the court should take that into consideration and should give it effect. Is that correct?

Mr. SPARKMAN. I certainly think the Senator is correct in making that statement.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. DOUGLAS. Would not the fears of the Senator from Michigan be somewhat allayed if he would consult section 302, particularly the language the eminent Senator from Alabama has read in lines 5 to 9, namely, that the loans which are to be authorized under section 302 may also be made "so private business enterprises for the expansion of capacity," and so forth. So no Government corporation could be construed to be a private enterprise; and therefore no Government corporation could receive such loans, but only the normal, private enterprises would be eligible to receive them. Is that correct?

Mr. SPARKMAN. Of course, the Senator from Illinois is correct.

Mr. FERGUSON. I thank the Senator; but I wish to make sure whether there is any provision in any other part of the bill which will confer such power.

Mr. SPARKMAN. Mr. President, I did not intend to take so much time in discussing this subject, of course.

At this point let me read something in answer to a discussion with reference to the stock-piling provision, had a few minutes ago, between the able Senator from Nebraska and myself. The language which I shall now read is not identical with the language included in the portion of a bill to which we have been referring, but I wish to read the provision made for the RFC, to permit it to purchase such materials.

After reading it, I shall let the Senator judge which is broader. Personally, I think the language of the provision for the RFC is broader than the language used in the bill now before us for consideration.

I read the following:

When requested by the Federal Loan Administrator, with the approval of the President, to create or organize a corporation or corporations with power (a) to produce and acquire and carry strategic and critical materials, as defined by the President; (b) to purchase and lease land, to purchase, lease, build, and expand plants, and to purchase and produce equipment, supplies, and machinery for the manufacture of arms, ammunition, and implements of war; (c) to lease such plants to private corporations to engage in such manufacture; and (d), if the President finds it is necessary for a Government agency to engage in such manufacture, to engage in such manufacture itself—

And so forth. So I think the Senator from Nebraska will agree that we certainly have cut down on the broad authorization which was given in the legislation enacted by the Seventy-sixth Congress, authorizing the Reconstruction Finance Corporation to engage in these activities.

Mr. WHERRY. I appreciate the Senator having read that language into the RECORD at this point.

Mr. SPARKMAN. Mr. President, reference has been made here several times to our not being engaged in war. The date of the act from which I just read was June 25, 1940, which was 18 months before we got into World War II.

Mr. WHERRY. If I may make a further observation relative to the language of the pending bill, while the language provides that Government agencies or corporations shall do thus and so, that in reality is authorized under the existing law, is it not?

Mr. SPARKMAN. Does the Senator refer to the RFC?

Mr. WHERRY. Yes.

Mr. SPARKMAN. The RFC was authorized to do anything during World War II. It could set up a corporation. It could go out and build a plant. The Defense Plant Corporation did that. It built plants all over the country.

Mr. WHERRY. That is a broader section than 303, the one we have here, is it not?

Mr. SPARKMAN. It is much broader. None of that can be done under this act. All the Government can do here is to make loans to private industry with which to expand plant capacity.

Mr. WHERRY. That is section 302, is it not?

Mr. SPARKMAN. It is section 302.

Mr. WHERRY. What about section 303?

Mr. SPARKMAN. Under section 303 the President is given power to buy critical and strategic materials.

Mr. WHERRY. And to develop and supply, and so forth, and so on?

Mr. SPARKMAN. As I say, I should be very glad to interpolate the language, "to aid in the development, exploration," and so forth, with the idea of subsidizing those particular critical and strategic materials.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MILLIKIN. I should like to ask the distinguished Senator a question, and in doing so I feel I should apologize. I heard the Senator discuss what I am going to ask him about, but I was called out of the Chamber several times and I did not get the continuity of it. What does the pending bill provide so far as activating the production of strategic minerals in this country is concerned?

Mr. SPARKMAN. That is the very section we have been talking about. It is found in section 303 (a), in subparagraph 2, and if the Senator will refer to that page, which is page 35, line 18, he will find that the committee included the substance of the amendment which was offered by the able Senator from Wyoming [Mr. O'MAHONEY].

Mr. MILLIKIN. Are there any standards specified for determining which mine, for example, may receive assistance? Is the whole subject delegated to the enforcing authority, under this bill?

Mr. SPARKMAN. The power is given to the President to aid in the supplying and production of critical and strategic materials which may be needed in the defense effort.

Mr. MILLIKIN. Has the committee in its report suggested any standards or any desire or wish of its own?

Mr. SPARKMAN. We did not provide any standards. We assumed, and I believe the report will bear me out, that it would be applied to the high-cost-of-production mine, the marginal mine, particularly, in the field of critical and stratgic materials, of which we do not have a plentiful supply. I mentioned, as an example a few moments ago, manganese bauxite, graphite, mica, and chrome, which are some of the particular critical and strategic materials I think would be covered. Another one I mentioned was taconite, which is needed to augment our diminishing iron-ore supply.

Mr. MILLIKIN. How about copper?

Mr. SPARKMAN. If we were in short supply of copper, if there were high-cost-of-production mines, marginal mines that needed to be brought into operation in order to help boost our copper supply, I certainly think the President would be empowered under this bill to do it.

Mr. MILLIKIN. If we are dependent on foreign sources in an important part of our copper supply and if the importation of copper from those foreign sources could be interfered with as those importations from those sources were interfered with in World War II, is it the thought of the committee that the President should take steps to stimulate the domestic production of such minerals?

Mr. SPARKMAN. Yes. I discussed that a few moments ago. I made reference to the fact that during World War II some of our foreign sources of supply were cut off from us. I mentioned particularly bauxite, as to which we were in a state of high dependence. Our bauxite generally came to us from South America. During World War II, submarines invaded the Gulf of Meixco to such an extent that for weeks, and I may say even for months, not a single shipload of bauxite was able to get through. We were confronted with a very serious problem. My own personal feeling is that the President, or someone else—whoever controls our stockpiling of critical and strategic materials—ought to have the power to build up that stockpile any time it may require building up. Personally, in respect to many different materials, I should like to see it build up far beyond what it is today.

Mr. MILLIKIN. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. MILLIKIN. It has been the policy of the administration, in connection with various mining-aid bills which have been before us, that Federal aid should be given only to those mines which, with that aid, could compete with foreign mines. Is there anything in the pending bill which lends strength to that theory, or which takes away from that theory, or which changes that theory in any way?

Mr. SPARKMAN. I do not believe there is anything in this bill which applies any limitation upon the President in the use of the power. The sole language is set forth in the provision which I cited to the Senator a moment ago. I may supplement what I said a moment ago about building up our stockpile of critical and strategic materials. We should try to build it up. I mentioned developing the sources in this country for the production of strategic materials and minerals, where such production is advisable.

Mr. MILLIKIN. Will not the Senator say it is very bad policy, in the middle of a situation which might go into world war III, to omit any step which would increase our domestic production of critical and strategic minerals?

Mr. SPARKMAN. I want to see no step omitted that would make us as nearly self-sufficient as we can be. To that end I believe, under the language of this bill, we leave it wide open to the President to use all the powers granted to such degree as he may think necessary.

Mr. MILLIKIN. I may say to the distinguished Senator that that is what causes me some concern, because it has been the policy of the administration not to build up our domestic supplies, particularly those of the smaller mines, but to put dependence on foreign sources. It may be that that policy is changed,

since we have gotten into this difficulty. Personally, I should like to see it changed by mandate of law rather than dependence on the policy of an administration which, in my view of it, has been entirely wrong, and which does not fit the condition in which we find ourselves.

As I said a while ago, I may say again, to the distinguished Senator, the policy has been to help the big mine and the big company, which, with that help, could compete successfully with the foreign country. That does not meet the situation. It is necessary to open up the small mines and the middling mines that are completely closed out at the present time in this country. We, I suggest, must put our sources of strategic mineral materials beyond the reach of the snorkel submarine, if we are planning anything that has sense in it; and I am sorry that there is not some spell-out here in the bill of that kind of policy.

Mr. SPARKMAN. I may say to the able Senator from Colorado that he, of course, remembers that the Senate passed some such bill as the one to which he refers, during the present Congress, as I recall.

Mr. MILLIKIN. That adds to my apprehension, I may say to the distinguished Senators, because, by administration order, that bill was put on the ice in the House of Representatives.

Mr. SPARKMAN. I was just going to complete my statement by saying——

Mr. MILLIKIN. I beg the Senator's pardon.

Mr. SPARKMAN. That is all right. I was going to say not exactly the same thing the Senator has said. I do not know whether it was by administration order, but the bill has not cleared the House, so that in the committee bill we were doing as much as we could hope to get out of both Houses of Congress by placing this broad language in the bill. I am a strong believer in the very policy the Senator has just enunciated. I supported his measure in the Senate. I believe we should do everything possible to develop our own resources and make this Nation as nearly self-sufficient as it can be made.

Mr. MILLIKIN. Mr. President, I thought I was making my plea to a sympathetic Senator, and I am very much interested in the answers he has given. I wish the committee had spelled out with a little more particularity the policies which were to be followed, because I fear that this language will simply put us under the same fruitless policies which have existed for a long time. During three wars in 30 years this country has been subject to the ore supplies and strategic minerals of foreign countries. I wonder how long it will take us to learn. How many wars must we have before we get sense enough into our thick heads to make this country dependent on itself, if that be possible, for having a supply of domestically produced strategic minerals?

Mr. SPARKMAN. I will say to the Senator that it is my understanding that the Banking and Currency Committee of the House offered an amendment to the bill which is being considered there which is substantially the same as our bill, and included in it was the same language with reference to the exploration and development of mines. The House has, within the last few minutes, passed the bill. I assume that provision is still in it.

Mr. MILLIKIN. The same provision which is in the Senate bill?

Mr. SPARKMAN. That is my understanding.

I would personally gladly go all the way with the Senator from Colorado in trying to establish some plan whereby greater impetus can be given to the development of the natural resources of this country toward the objective of making the Nation as nearly self-sufficient as it can be made.

A few moments ago, before the Senator from Colorado came to the floor, I referred to the fact that one of the things we need most is manganese. It is one of the things of which we have the least. How ironic it seems to have read in the newspapers a week or two ago that a shipload of manganese had arrived in this country. From where? From Soviet Russia. Manganese is one of the most essential products in our stockpile, particularly if war should come. Yet we are to a considerable extent dependent upon Russia for our manganese.

Mr. MILLIKIN. It is even more ironical while receiving a boatload of something we need to receive a boatload of Russian furs which we do not need and which are putting out of business our own fur farmers.

Mr. SPARKMAN. Mr. President, I think I am perfectly safe in saying that furs are not included in this bill, I am glad to say.

Mr. President, I did not intend to take so much time. There are a few other points I desire to mention. We have gone pretty well through a discussion of the first three titles. The fourth title has to do with the control of credit. The committee rewrote a great portion of that title. We reinserted in large part, regulation W, giving the Federal Reserve Board the right to control consumer credit in installment buying.

Then the question of real-estate credit came up, and the committee was not willing to go along on giving the President or the Federal Reserve Board or anyone else the right to control real-estate credit, but it decided that the part of real-estate credit which was the most inflationary should be subject to control. That is where new construction is involved. We gave the Federal Reserve Board the right to control real-estate credit on new construction of the conventional type, privately financed. Then we gave to the President exactly the same power with reference to the control of real-estate credit on all Government-aided construction, such as FHA, the VA housing program, the farm housing program, and public housing. This authority over Government financing aids includes controls over all new credit, whether new construction or not.

It was our thought and intention that the program should be administered somewhat parallel to and on the same basis. My own personal view is that we should have gone one step further. I do not argue that we should have given anyone the right to say whether a person could sell his farm or his home at whatever price he wished to charge, but it seems to me that if there are deferred payments involved, installment sales, or purchases, the Federal Reserve Board should have the same control over them as it has over consumer credit under regulation W. However, the majority of the committee felt that that was not necessary because it involved capital assets and did not involve the production of any new assets. For that reason the majority of the committee was unwilling to grant those controls.

I may say that there is no control on the sale or purchase of real estate.

In the bill which came to us originally there was a provision to give the President or the Secretary of Agriculture the right to increase margins for the control of speculative trading on commodity markets. The committee struck out that provision. I think there may be a great deal of misunderstanding as to the reason why the committee struck it out, and for that reason I want to say a word or two with reference to it.

In the opinion of the committee, the only thing sought was to establish a plan of increasing margins, and apparently that increase would be across the board, regardless of whether the buying was purely speculative or whether it was in connection with the legitimate buying and selling of commodities on the commodity market. It was my feeling, and I think it perhaps may have been the feeling of other members of the committee, that by a uniform increase in the required margins it would be the little fellow who would be hurt, whereas the big operators would be allowed to continue.

Let me cite the example of cotton, Mr. President, because that happens to be the thing with which I am most familiar. Today the required margin on cotton is $30 a bale. In my home town of Huntsville, Ala., there are probably 12 or 15 cotton merchants. By and large, they are local persons. There may be some young man who has become a cotton merchant, just as one would enter the grocery business. He operates on a limited amount of capital. Every time he buys a bale of cotton from a farmer, in order to protect himself he must sell a bale of cotton on the board and he must hedge the purchase. Vice versa, every time he sells a bale of cotton he must buy one in order to protect himself on that particular bale of cotton. That means that he must put up $30 of his own money. He is limited in his amount of capital, yet he is the only outlet in that town the farmers have for the sale of their cotton.

I might cite as an example the firm of Anderson, Clayton & Co., the largest cotton dealers in the country. I suppose it would not amount to a great deal to them if the margin should be increased to $50 a bale rather than $30. They could keep right on operating. But I can think of any number of small cotton merchants who actually furnish a market for the farmers in my home town and in other towns who simply could not oper-

ate in such a situation. They do not go on the market and simply buy and sell for speculative purposes; they buy and sell for hedging.

Witnesses before the committee stated that there should be better control of this speculative buying and selling on the market. However, the committee felt that, whereas a mere increase in margins might tighten up on speculative buying and selling, the real impact would fall on the little fellow with limited capital who was furnishing the real outlet for the sale of cotton at the level where the farmer is disposing of his cotton. I assume the same condition would prevail with reference to wheat, barley, rye, and some other agricultural products.

The committee felt it was a matter which required careful and considerable study by the Committee on Agriculture and Forestry, which has jurisdiction over the Commodity Exchange Act. While we recognized that there ought to be a tightening of controls we felt it would go into and perhaps involve a rewriting of the Commodity Exchange Act. At one time we thought simply of turning the section over to the Committee on Agriculture and Forestry and asking them to report on it, but it was felt that to do so would delay the whole bill.

Another section provided for the disposal of surplus farm products by the Commodity Credit Corporation. We struck out that section. Apparently there was no urging or support for it, since under section 407 of the Agricultural Adjustment Act of 1949 we felt that adequate authority is given to the Secretary of Agriculture to dispose of the surplus farm products under a plan which is as good and perhaps even more favorable to the Government than what was proposed in the bill. Therefore we eliminated that section.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LUCAS. Does the testimony which was taken before the committee show any evidence of speculation since the Korean outbreak started?

Mr. SPARKMAN. I may say that we had an exhibit sent up by the Secretary of Agriculture after the hearings closed, which showed considerable activity on the various commodity markets, of which a great part was purely speculative. When it comes to deciding the question of what effect it has on prices, and so forth, I must admit I am not a capable judge. As a matter of fact, I may say that a few years ago the Joint Committee on the Economic Report appointed a subcommittee to go into the question, with the idea of doing something like that suggested. The subcommittee studied the matter at great length and submitted a report—I do not know whether it was justified—to the effect that speculative buying and selling was essential in order that hedges would be available, and that the evidence did not demonstrate that speculative buying and selling caused inflationary pressures or fluctuations in the market.

Mr. LUCAS. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. LUCAS. A few days ago I saw a report to the effect that approximately 2 weeks after the outbreak of fighting in Korea lard had risen 40 percent in price. In 2 weeks time there could not be any justification for that rise. It seems to me that perhaps it was one of the outstanding examples of an increase overnight to an inflationary price. I want to say to the Senator from Alabama that in the event these runaway prices are not stopped, or there is a considerable amount of speculation at the expense of the defense effort, I sincerely hope the Committee on Agriculture and Forestry, of which I am a member, will do something about it. So far as the Senator from Illinois is concerned, I do not understand how any patriotic American—and I say "patriotic" advisedly—at a time when our boys are being called upon to do what they are doing in Korea, for our safety and security, namely, to give their lives if necessary, can make a profit or become a profiteer, or deliberately and with design speculate for the purpose of making money.

So far as I am concerned I want to say that when the time comes that we must have legislation to stop profiteering and speculating at the expense of the defense effort I am willing to go down the line for any type and kind of rigid legislation which is necessary to put a stop to it, even to the extent of including a criminal penalty. Profiteering and hoarding in war, at the expense of someone else, and creating inflationary pressure, when it is absolutely unnecessary and unpatriotic to do so, ought to receive the considered attention of the Congress of the United States, if it is not stopped.

Mr. SPARKMAN. I may say that I agree completely with the statement of the able Senator from Illinois. I was simply bringing out the point that legislation of the kind referred to requires much more careful study than we would be able to give to it and get a bill on the floor of the Senate for early consideration. I shall come back to this point later, but I may say that, as the Senator knows, we included in this bill a price control provision whereby it may very well be possible to control some of the things to which he has referred.

Furthermore, the early part of the bill contains a provision which I should not like to have overlooked. In it we provide criminal penalties for people who hoard, or engage in black markets or excessive profiteering. Just how effective the enforcement of such criminal penalties would be, I do not know. Certainly it was the intention and feeling of the committee that what the able Senator from Illinois has stated is absolutely right. To engage in such practices at a time when we are asking our young men to make the supreme sacrifice, if need be, is not only silly but unpatriotic.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. WHERRY. I call attention to amendment B offered by the chairman of the committee, which has to do with the "processing of cattle and calves, lambs and sheep, and hogs, the processing of each species being separately considered," and so forth. I do not know why the amendment was separately offered unless it was because the bill had been written before the amendment was drawn up. If the amendment should be adopted, does the Senator know whether it would be invoked soon?

Mr. SPARKMAN. I have no information on that point. I think I know the reason for the amendment. I again fall back on cotton, which happens to be the commodity with which I am most familiar. It may apply to other commodities. To some commodities it would not apply. The Senator knows that the cotton markets started up just a short time prior to the outbreak of the war. On June 15, cotton was selling at 29 cents a pound. At about the time of the Korean outbreak, or a few days thereafter, the Government estimate on cotton acreage was issued. It was the second lowest in the history of the United States. Of course everyone knew then that we would have a short crop. People started estimating the crop at some ten and a half million or ten and a quarter million bales. It was known that it would be an unusually short cotton crop. As a result within 30 days' time cotton had gone up to 39 cents a pound. That was not the result of the Korean outbreak, but was due to an expected short crop.

Just day before yesterday the cotton estimate was announced. As had been predicted, it was 10,308,000 bales, if I remember correctly, as against 16,000,000 bales produced last year. Ten million three hundred and eight thousand bales is not much more than what we will consume in this country ourselves, and usually we sell three or three and one-half million bales abroad. Cotton is one of the most essential war products. So it can be seen what pressures have pushed the price of cotton up.

The mills buy their cotton, manufacture their gray goods, and make their commitments some 6 months ahead of time. They are selling goods now, and have been for some time, on the basis of the present cost of cotton, around 37 or 37½ cents. I have not seen the market report in the last day or two, but some of the cotton going into goods right now costs the mills more than 39 cents.

Mr. President, I use cotton as an example. The Senator from Nebraska, I think, was primarily concerned with meat. I assume the same reflections would apply to meat.

Digressing just a little, it is my understanding that the price the farmer gets for steers on the hoof has actually gone down since June 15. I am not sure of that, but someone told the committee that.

Mr. WHERRY. Mr. President, I am interested in cotton, just as is the Senator, but now cattle feeders are putting their fall and winter requirements into the feed lots—hogs, lambs, and cattle. Of course, the price to be received is one thing which determines whether or not they buy them, and feed them the corn which adds to their value. What I should like to know is whether there was before the committee any evidence of which the Senator knows which would warrant the invoking of this amendment, which I have no doubt would be

agreed to, in the event the bill were passed. Does the Senator know of any such evidence? If there is any, I should like to know about it, and if that evidence revealed that a roll-back might be instituted, could he tell us what the date of that roll-back might be? There are thousands of feeders who would be intensely interested in what the Senate does with this particular amendment, whether it is written into the bill, and whether or not it is to be invoked.

Mr. SPARKMAN. Mr. President, I am not sure that I follow the Senator from Nebraska. Is he referring to amendment B?

Mr. WHERRY. Yes.

Mr. SPARKMAN. It seems to me the purpose of the amendment is to protect the feeder, the processor.

Mr. WHERRY. That is correct. That is exactly what was done in the last world war. But the processor did not refer back to the feeder the subsidy it was intended the feeder should get. If the proposed levels are established clear across the board, that is one thing, but it would be different if they are established only at the processing level.

During the last world war the subsidy never reached the producer, but I am not discussing that feature. I doubt if it could be handled differently in this bill. What I should like to know is whether the Senator recalls any testimony in the hearings showing that, if this amendment shall be agreed to, the administration or the powers that be would invoke this requirement, so that I might have the information to relay to those interested in the feed lots today. The roll-back would be tremendously important to them.

Mr. SPARKMAN. I call attention to the fact that the bill does not carry any subsidy. There are no subsidy payments authorized in the proposed legislation.

Mr. WHERRY. The bill would not authorize them?

Mr. SPARKMAN. Not at all. It provides for ceilings, but not for subsidies.

Mr. WHERRY. How could the Government regulate the processing tax on the processing level unless there were subsidies, unless there were a date that was satisfactory, when the provisions as to cattle were comparable to those applicable to everything else involved in the economy?

Mr. SPARKMAN. I ask unanimous consent that the chairman of the committee, the Senator from South Carolina, be allowed to answer the question without my losing the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MAYBANK. The amendment we are discussing is one similar to that known as the Barkley-Bates amendment, of 1942, as I told the Senator from Nebraska this morning. The amendment as it sounds merely makes provision so that the processors of cattle, lambs, beef, hogs, or whatever it might be, will be in a reasonable position, insofar as the margin of profit is concerned. That was the amendment which the then Senator Barkley offered in 1942. I went back into the law of 1942 with Mr. Boots, the legislative counsel, this morning. The provision is found on page 40 of the Price Control Act, as amended, which covers the subject very fully. I should be glad to give it to the Senator from Alabama or the Senator from Nebraska, or I should be glad to read it myself.

Mr. WHERRY. Mr. President, will the Senator from Alabama yield?

Mr. MAYBANK. I yield to the Senator.

Mr. WHERRY. Is there any evidence in the hearings, or any evidence about which the Senator knows, which warrants this amendment, and does the Senator feel that the evidence that was adduced would require the invoking of the amendment this fall if it were enacted?

Mr. MAYBANK. I would not say there was. But we tried to take care of what war powers were given in World War II. We had the staff check the different war powers acts. The Vice President, then Senator from Kentucky, called my attention to the matter, and I met with several persons from the section represented by the Senator from Nebraska who were in the city, who suggested that they should be protected as they were in 1942, as we try to do in the bill as to others. So I offered the amendment, to be brought up in connection with the bill. At the time it is brought up, perhaps it could be amended to answer the Senator's question.

It was rather hazy in my mind as to what we did in 1942 and 1943, and I asked Mr. Boots, the legislative counsel, who has been with us day and night on this bill, to get the old records, and we checked into the matter this morning. That is the reason for the amendment.

Mr. SPARKMAN. Mr. President, let me add one further word. I have the language of the former act before me, and it is almost identical with that of the bill. It covers the same plan we had during World War II, which allowed adjustments from time to time.

I believe I understand the import of the question of the Senator from Nebraska, and I will say, No, there was no evidence before the committee to the effect that it would be necessary to invoke any price ceilings on the particular commodity he mentions, at any particular time. Of course, the committee in mentioning the June 15 date, in effect, or expressing its desire that producers will not allow prices to get much out of line with the prices prevailing on that date.

Bear in mind that all the controls provided for in the bill are wholly permissive, at the President's discretion, and the purpose of the amendment is simply to provide that if and when such controls shall be found necessary for one line of commodities, then this procedure shall be followed.

Mr. MAYBANK. Mr. President, there were no requests to be heard from the so-called processors or cattle raisers. I received some letters asking for hearings if and when the regulations were put into effect, from those who believed the matter might be handled by regulation rather than by law. We assured some of the writers that when the President proceeds to act under the permissive controls, wholesalers, retailers, abattoirs, and the like, would be called in, when the permissive controls were considered. That is why they were not heard.

I remind the Senator from Nebraska that the Senator from Virginia [Mr. ROBERTSON] brought the situation as to cattle and hides, and kindred subjects, to our attention all through the hearings. He was pretty well versed on that matter as a result of contacts with some hide manufacturers and abattoirs in Virginia.

Mr. WHERRY. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. WHERRY. I understood the wording of the statute, and I knew then and know now how it operates. But that is not my question. I have today received telegrams and letters from persons who wish to know whether any of these regulations might be put into effect this fall. If the regulations should go into effect this fall it would have an effect upon the ceiling under which a farmer buys his feeder cattle. We would not want to interfere with that situation if it is not necessary to do so. Was there any evidence adduced in the hearings that the regulations might be put into effect this fall? That is something which may be very important. The answer of the Senator from Alabama is that there is no such evidence now.

Mr. SPARKMAN. Yes, that is the answer, at least so far as I know.

Mr. WHERRY. I deeply appreciate that. While I feel it might be written into the statute as a discretionary power when and if we might need it, perhaps next year, it is certainly desirable to give to those who put lambs and hogs and steers into their feed lots the information that while discretionary power may be granted later, there is no evidence at this time that warrants such a ceiling being placed upon the processors, which in turn would affect the producers.

Mr. SPARKMAN. That is correct.

Mr. LUCAS. Mr. President, I wish to make an announcement. I have just talked to the distinguished majority leader of the House of Representatives, Representative MCCORMACK, and he advises me that the House has just passed the defense production bill, a bill such as that we are considering now. I hope that will furnish a stimulus to the Senate to move as rapidly as possible with the bill which is now pending.

Mr. SPARKMAN. Mr. President, I may say in connection with the statement made by the Senator from Illinois it is also my understanding that the bill as passed by the House is in substantially the same form as the bill the Senate committee reported.

Mr. LUCAS. I believe the Senator from Alabama is correct in that statement.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. ROBERTSON. Mr. President, it is rather unfortunate that a bill so important and so far reaching as Senate bill 3936 should have to be considered when so many Members of the Senate are tied up in conferences and committee hearings.

Tomorrow, as soon as I can obtain recognition, I plan to address the Senate briefly in regard to the bill and, in particular, in regard to some other phases of the over-all program of economic mobilization for national defense; but I shall not undertake to discuss the bill in detail, because it is very fully covered by the report.

I hope all Members of the Senate will take the time and trouble to read the report.

Let me say that if after reading the report, any Member of the Senate still has any doubt in his mind about any of the provisions of the bill, tomorrow I shall be glad to yield to any Senator for questions; and if I am able to throw any light on any other phases of the bill, I shall be very happy to do so.

However, knowing that not many Senators will be present in the Chamber tomorrow, I certainly do not plan to make a long, extended speech of a prepared character. I merely wish to be of service, if I can, to the Senate in connection with having all Senators arrive at an understanding of a very technical and far-reaching bill, inasmuch as I have attended all the hearings and all the executive meetings we had with our technical experts in connection with preparation of the bill.

Mr. SPARKMAN. Mr. President, I wish to conclude in a few minutes. There are several other matters I wish to mention; but already I have taken entirely too much of the time of the Senate.

Mr. DONNELL. Mr. President, will the Senator yield at this point, to permit me to ask a very few questions?

The PRESIDING OFFICER (Mr. LONG in the chair). Does the Senator from Alabama yield to the Senator from Missouri?

Mr. SPARKMAN. I yield.

Mr. DONNELL. Mr. President, first, I should like to ask a question in reference to a matter which the Senator may have covered in his previous remarks, but I did not hear all of them.

In the report, in reference to the President, we find the following:

> However, he stated that there was no objection to the enactment of additional stand-by authority to control prices and wages and to ration at the consumer level.

I understand, however, that the bill, if it goes into effect, as a matter of law would give the President authority to put into effect the price and wage provisions of the bill, and that there is no condition precedent and there is no specification of a length of time which must elapse before the President would have the legal right to put those powers into effect. Is that correct?

Mr. SPARKMAN. The Senator from Missouri is correct. They are wholly permissive.

Mr. DONNELL. We would leave entirely to the discretion of the President the decision as to when he would put them into effect, if at all; would we?

Mr. SPARKMAN. The Senator from Missouri is correct.

Mr. DONNELL. I do not know exactly the meaning of the term "stand-by," as used in the report; but I judge that there would be justification for an inference to the effect that the bill sets aside these powers, and says they cannot be exercised until some other event occurs. I am correct in that, am I not?

Mr. SPARKMAN. The Senator from Missouri is correct. I say to him that I have not discussed this portion of the bill; I was just coming to it. However, I shall skip ahead a little and shall say that the provisions I have discussed thus far were included in the original bill which was sent up with administration approval; I refer to the powers the President requested.

The powers the Senator from Missouri is discussing now were not requested by the President, but they grew out of the testimony taken before the committee. On that basis, a good many of us felt that these additional powers should be given on a permissive basis. We had prepared an amendment designed to place those powers into effect. The able chairman of the committee joined with me in offering the amendment in committee. It was adopted substantially in the form in which we offered it. Of course, there were a good many committee amendments, but it was adopted substantially in that form.

In the declaration of policy as originally drawn the word "stand-by" was used. The committee deliberately deleted the word, because we did not want to convey the meaning that there was anything in the bill which required the President to make stand-by controls, and instead of using the word "stand-by" we have tried to get away from it and to use the word "permissive." They are wholly permissive so far as the occasions for them are concerned, so far as the need of them is concerned, and so far as the time of putting them into effect is concerned.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. SPARKMAN. I yield.

Mr. DONNELL. Then am I correct in understanding that if this bill be passed in its present form the President would have the legal power to put into effect forthwith, if he in his judgment thought it desirable, the regulations and orders affecting the price and wage stabilization contained in title IV of the act.

Mr. SPARKMAN. The Senator is correct.

Mr. DONNELL. The second question I want to ask the Senator is this: The distinguished Senator from Michigan [Mr. FERGUSON], whom I do not see upon the floor at the moment, asked certain questions with respect to the American system of competitive enterprise, that being referred to in the bill. I note in the course of the report some reference to the same subject. I desire to ask first, Does the Senator from Alabama consider that there is anything in the bill which is contrary to the American system of competitive enterprise?

Mr. SPARKMAN. Not at all.

Mr. DONNELL. Then why is it necessary in the bill, in line 10, of page 29, to say that it is the intention of the Congress that the President shall use these powers "within the framework"—and now I emphasize, underscoring by my voice the words—"as far as practicable, of the American system of competitive enterprise"; and again, on page 39, at line 11, the words "so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise"?

My question is, as the Senator will observe, that if there is nothing in the bill which is contrary to the American system of competitive enterprise—bearing in mind that this is a defense measure, I take it—why is it necessary to indicate that in some instances, perhaps, the President or some one else may go outside the American system of competitive enterprise in carrying out the powers of the bill?

Mr. SPARKMAN. I may say to the able Senator from Missouri that in answer to a previous question along the same line I stated that, in my opinion, the insertion of those words does not add anything whatever, and that had the words been omitted, the President still would have been required under the terms of the act to stay within the framework of the American competitive free enterprise system. But I may say that the Senator from Virginia [Mr. ROBERTSON] offered that amendment in committee, apparently with the feeling that it was doubly stating the objective toward which we were driving.

Mr. DONNELL. Mr. President, if there is nothing in the bill which is contrary to the American system of competitive enterprise, would the distinguished Senator, whom I am now addressing, have any objection to an amendment which would strike out of line 10, on page 29, the words "as far as practicable", and which would strike out, on page 39, line 11, the words "so far as practicable"?

Mr. SPARKMAN. I may say to the Senator from Missouri that if those words were stricken out, it would then really be writing a limitation into the act; for instance, the allocation of materials, and the control by the President over materials. Many of these controls are not, strictly speaking, in keeping with the competitive enterprise system and would restrict and limit the freedom of choice and decision which manufacturers and distributors exercise freely in normal times. We recognize that. That is why we say "as far as practicable."

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. DONNELL. Does not the Senator then contradict himself in his earlier statement, once repeated?

Mr. SPARKMAN. No.

Mr. DONNELL. I understood the Senator to say there is nothing in the bill, in his opinion, which is contrary to the American system of competitive enterprise. Yet he now tells us—and he may be quite correct; I am not arguing the question—that there are certain things in the bill which are contrary to the American system of competitive enterprise. I judge that he would be unwilling to strike out the words "so far as practicable."

Mr. SPARKMAN. Of course, Mr. President, I want to say in all sincerity that I did not think the able Senator

from Missouri would quibble or split hairs, because I think we all recognize——

Mr. DONNELL. Mr. President, if the Senator will yield, it is not quibbling. We are discussing a very important subject.

Mr. SPARKMAN. We all recognize the fact that war powers entail certain things which, not for anything in the world, would we have imposed on our economy in peacetime. We recognize that fact. Of course, these are unusual powers, but we still say that, so far as practicable, these powers, unusual as they are, must be exercised within the framework of the competitive enterprise system, and that the Government shall not unduly do anything to compete with private enterprise.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. DONNELL. Of course, I thoroughly concur in the statement of the Senator that certain powers may be exercised in time of war, which obviously must limit competitive enterprise. I can see that point. But it would seem to me——

Mr. SPARKMAN. I think the Senator will agree with me that the establishment of priorities and allocations, or price and wage controls, are examples of actions which limit and restrict free enterprise, and are departures from our normal way of doing business.

Mr. DONNELL. But the point I am making, Mr. President, by my questions, is that, although I understood the Senator to answer twice that it contains nothing which is contrary to the American system of competitive enterprise, and I take it now that the Senator takes the view that it is, in some instances, and perhaps necessarily; I am not quarreling with him on that, yet this bill is, in some instances, contrary to that system, and that the provisions of the bill are justified insofar as they are thus contrary, because of the fact that they apply to a war situation. Am I correct in my understanding?

Mr. SPARKMAN. I am not going to quibble with the Senator.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. SPARKMAN. Let me finish.

Mr. DONNELL. May I say, Mr. President, I do not particularly agree—I certainly do not at all agree—with the idea that because a question is asked, it constitutes quibbling? I may add, if the Senator will yield, that we are dealing here with a pretty fundamental subject.

Mr. SPARKMAN. Mr. President, I certainly withdraw the reference to quibbling. I do not want to be arguing with the Senator from Missouri to the effect, and I do not want to be placed in the attitude that we are doing something here that is contrary to the competitive enterprise system, because it is something which is recognized under the Constitution of the United States as being fundamental and as being fundamentally necessary in time of war. I think the Senator will agree with me that in time of war or in times of national emergency, in times of stress and strain, we can give the President unusual powers. I certainly will go so far as to say, as I stated previously in opening my remarks, that this is a bill which gives very wide and vast powers to the President of the United States, very usual powers. We can give him unusual powers, which certainly we would not think of giving him or anyone else except under the force of absolute necessity. However, I do not like to be placed in the position of saying that that is inconsistent with the private competitive enterprise system. I think it is supplementary to it and essential to the survival of that system. But certainly, if the able Senator is willing to take my statement to the effect that these are powers which go outside our normal operation in peacetime, I shall agree with him.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from South Carolina, if he desires to answer the Senator from Missouri.

Mr. MAYBANK. I merely wanted to suggest to my distinguished friend from Missouri and to the Senator from Alabama that when the Senator from Virginia [Mr. ROBERTSON] was here a few moments ago, suggesting a further amendment, he talked to me about it at the time, and his thought was that when we allocate materials we necessarily interfere with the free enterprise system, and that when we allocated steel, for instance, as a matter of national defense, to the Cadillac Co. for the purpose of being used in the building of tanks, and took it away perhaps from the Ford Motor Co., where it would have been used in the building of automobiles, we were going beyond the ordinary limits of free enterprise, but this can and must be done consistent with the spirit and principles of the free-enterprise system. The Senator from Virginia mentioned that example to me as an illustration.

Mr. SPARKMAN. Yes; that is true.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. DONNELL. I think there is no fundamental difference between the Senator from Alabama and me on this proposition.

Mr. SPARKMAN. No; I do not think there is.

Mr. DONNELL. But I think it is quite clear that this bill, because of the war situation, does limit the American system of competitive enterprise in the respect indicated by the Senator.

Mr. SPARKMAN. There is no question in my mind that that statement is correct. I said so in the beginning of my remarks earlier in the afternoon.

Mr. DONNELL. I did not hear that portion of the Senator's statement.

Perhaps the Senator intended to discuss this point later on, and if he did, I shall withdraw the question, but I should like to invite his attention to page 58, lines 4 and following, at which there is a very important statement with respect to the settlement of labor disputes, which provides:

> The President is authorized, after consultation with labor and management, to establish such principles and procedures and—

And I emphasize the following language:

> to take such action as he deems appropriate for the settlement of labor disputes affecting national defense.

I desire to ask the Senator a question. I may say, first, that I have read the further provisions of section 503 and I think I understand their conduct, but the question I ask is a hypothetical one. In the railway situation, with which we are now confronted, the one which was mentioned yesterday, where the heads of two great railroad brotherhoods have recommended to the President the taking over of the operation of the railroads, informing the country, in their message to the President, of the probable—perhaps I should withdraw the word "probable"—the possible interruption of important railway transportation that may result under present conditions, may I ask the Senator, if this bill should be enacted, whether the President, as the Senator construes it, would have the authority (1) to require the acceptance by the employees of the railroads of the findings of the Emergency Board, which have already been made, or (2) would the President have the power, under the terms of this bill, to decide what the wages and working conditions should be and to require the carriers and the employees to accept all such wages and working conditions as the President might specify?

Mr. SPARKMAN. Mr. President, I should like to say, first, to the Senator from Missouri that I do not pose as an expert on labor matters or labor legislation. I very much wish that the able Senator from New York [Mr. IVES] were on the floor at the present time. I am sure he would be willing to discuss the question at length with the able Senator from Missouri. I will say, however, that in these labor dispute provisions we have tried to parallel the procedure followed in World War II. I am sure the able Senator from Missouri, who is a member of the Committee on Labor and Public Welfare, knows a great deal more about this question than I do, but it was our intention to parallel closely the procedure which was followed in World War II disputes. We do not abrogate any labor act. In fact, we make provision in one section that nothing shall be done that would be inconsistent with any applicable labor act. I would answer the Senator by saying that, according to my understanding, the President could not do anything that he cannot now do under existing acts, other than to establish boards and commissions, to outline procedure, and to call labor-management conferences. But whatever is done will have to be in keeping with applicable labor statutes.

While I did not keep up with it as closely as I am sure the Senator from Missouri did, he being a very valuable member of the Commitee on Labor and Public Welfare, my reaction is that we got along very well during World War II with the War Labor Board and the Wage Stabilization Board in the settlement of labor disputes. We did not abrogate

existing statutes, but worked in a way to supplement them and to expedite action under them.

Mr. DONNELL. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. DONNELL. I appreciate the very careful statement of the distinguished Senator from Alabama, and I can well understand from section 503 the fact that it is there provided that any such action shall be consistent with certain enumerated laws and other applicable laws, but I most respectfully submit that the specific question I asked has not been answered. If the Senator prefers that the Senator from New York answer the question, it is agreeable to me.

Mr. SPARKMAN. Mr. President, if the Senator will withhold his question I should prefer that he pose his question to the able Senator from New York [Mr. IVES], who has given a great deal of attention to these questions, or to some other member of the committee who is better prepared to answer the question than I am.

Mr. DONNELL. That is very fair, and I shall be happy to withhold my question.

Mr. SCHOEPPEL. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. SCHOEPPEL. I should like to ask the distinguished Senator from Alabama a question, since he has touched upon the matter of wages with reference to which the Senator from Missouri was interrogating him. I take it that under this bill action could be taken by the President on wage control at his pleasure or whenever he deemed it necessary. Are we clear on that point?

Mr. SPARKMAN. That is correct.

Mr. SCHOEPPEL. In that event, is there any provision in the bill as to holding public hearings where there is involved an employer-employee relationship, and hearing interested parties in cases where price controls and wage controls might turn on a great many factors? Do I correctly understand that persons interested in that phase of the question would not have an opportunity for public hearing? Maybe the Senator can enlighten me further about it. I confess that I have not had time to go thoroughly over the bill or to read thoroughly the report.

Mr. SPARKMAN. I will say to the Senator from Kansas that, first of all, in the wage stabilization section of the bill and also in the price stabilization section, we give the President authority to try to work out voluntary arrangements whereby these things can be done, but we recognize that in some instances, possibly in many instances, that would not be feasible. However, we give the President the right, as the Senator has correctly stated, to put into effect, whenever he sees fit, controls on prices or wages, but we have provided that there shall be established industry committees.

We do not tell the President exactly how he must act, and I do not believe that would be necessary. I do not believe the Senator from Kansas would suggest that the President be directed to hold public hearings on any wage controls. But certainly it is within the contemplation of the committee that the industry affected would be called in and that every effort would be made to work out differences by friendly agreements, and in the event of failure, the matter could be referred to the board or to the commission, or to whatever organization the President might establish to handle the particular problem. That board or commission would be authorized to reach a determination in whatever way it deemed best.

Mr. SCHOEPPEL. I agree with the distinguished Senator that, obviously, the President could not hold hearings, but within the framework of this proposed legislation——

Mr. SPARKMAN. I refer the Senator specifically to section 404, which reads, as follows:

> In carrying out the provisions of this title—

That is the title relating to price control and wage control—

> In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

Mr. SCHOEPPEL. Does the distinguished Senator from Alabama feel that there would be opportunity given by an industry committee or some other committee which has been established to permit hearings, or, at least, to permit interested persons to have their day within a reasonable time, as expeditiously as possible, and to be heard on some phases that might interest them or which might very seriously affect their respective industries?

Mr. SPARKMAN. The Senator is correct. I invite his attention to section 701, on page 65, of the bill. Section 701 is a general provision, covering everything in the bill, not merely one particular title. Subparagraph (ii) provides as follows:

> (ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this act, and in their formation there shall be fair representation for independent small, for medium, and for large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry.

We have tried to make certain that it would be absolutely representative. I again refer the able Senator from Kansas to section 709 at page 74. Beginning with the second sentence in line 7 the section reads:

> Any rule, regulation, or order, or amendment thereto, issued under authority of this act shall be accompanied by a statement that in the formulation thereof there has been consultation with industry representatives, including trade association representatives, and that consideration has been given to their recommendations, or that special circumstances have rendered such consultation impracticable or contrary to the interest of the national defense—

I believe the Senator will agree with me that the act seals up the requirement that industry be consulted. In other words no finding, rule, or regulation of general applicability can be issued unless certification is made that industry has been consulted. If circumstances are such as to make it impracticable to consult with industry, that fact must be certified in connection with the issuance of any regulation or order.

Mr. SCHOEPPEL. I thank the Senator. I agree that it is a necessary and proper safeguard which we should very diligently watch throughout this entire matter.

Mr. SPARKMAN. Mr. President, let me repeat the statement I made previously. I have never known of a piece of legislation which has received such careful, searching, and diligent effort to write into it proper safeguards, because we recognized the fact that we were granting vast and unusual powers to the President of the United States. It is a carefully worked out piece of legislation. As I stated earlier in the day, the very fact that the bill was reported by the committee unanimously by a vote of 13 to 0 indicates the care and study with which it was prepared.

Mr. SCHOEPPEL. I will say to the distinguished Senator from Alabama that that is correct, and I wish to compliment the members of the committee. I know their task has not been an easy one, and they are to be commended for their work.

Mr. THYE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. THYE. Not having had the benefit of hearing the entire address of the able Senator from Alabama I should like to ask him some questions. Mr. President, as a member of the Committee on Agriculture and Forestry I was excused to continue a hearing this afternoon. That is the reason why I was out of the Chamber. I should like to inquire of the Senator as to what was in the mind of the committee and what was written into the bill relative to commodity exchanges.

Mr. SPARKMAN. I spent a little time explaining that subject early in the afternoon.

Mr. THYE. I am sorry I was not present.

Mr. SPARKMAN. I understand the Senator was necesarily detained in a committee meeting. Let me suggest to the Senator that he read my remarks in the RECORD, because I discussed the subject at great length. However, we struck out section 411, which related to increasing margins for trading on commodity markets. I explained the reason for our action at some length earlier in the afternoon.

Mr. THYE. The reason was that in World War II there had been exchange restrictions imposed upon the commodity exchanges, as was proposed in section 411, is that correct?

Mr. SPARKMAN. The committee felt that the Committee on Agriculture and

Forestry, of which the distinguished Senator from Minnesota is a member, ought to give very careful study looking toward are writing of the Commodity Exchange Act, so as to provide greater prohibitions against purely speculative trade. We realized that it could not be done with merely a few words. I believe it would require a considerable rewriting of the whole act. Largely that was the reason for our not going into it, because we felt that under section 411 we would simply have provided for an increase in margins across the board, which would have hit the small legitimate trader just as hard as it would have hit every speculative trader.

Mr. THYE. Every local elevator must use the commodity exchange in its normal daily functioning.

Mr. SPARKMAN. I used an illustration with which I am more famiilar, just as the Senator is more familiar with grain elevators. I used cotton. I referred to the home-town boy who becomes a cotton merchant instead of a grocer, for example. He provides the outlet for the sale of the farmer's cotton. Whenever the boy sells a bale of cotton to a mill he must have some insurance with which to protect himself, because the transaction goes through a system of hedging. Under section 411, which contemplated increases in margins across the board, he would have been hit, and he would have been handicapped in his buying. I believe many times it would have denied to the farmer a real legitimate market, whereas the big trader—and I used Anderson & Clayton as an example, which is a fine company, and with plenty of capital—could have traded without any difficulty whatever, perhaps even with much greater margin requirements.

Mr. THYE. I should like to ask the Senator one other question. It relates to real-estate credit, and the restrictions which might be imposed upon that phase of our economy.

Mr. SPARKMAN. I discussed that subject earlier today. Briefly, no control is placed on the ordinary sale and purchase of real estate. However, in the case of new construction which involves mortgage financing, controls are provided. Two kinds of controls are provided: First, the conventional mortgage type of loan, that is, where a man builds a house and borrows money from his local bank, a neighbor, or someone else, in which case we say the Federal Reserve Board may exercise credit controls. It is somewhat similar to regulation W.

Mr. THYE. It is left entirely to the Federal Reserve Board rather than a new board, which would not have the long-established confidence and reputation of the Federal Reserve Board.

Mr. SPARKMAN. The Senator is correct. We gave the Federal Reserve Board regulation over consumer credit, through regulation W, and we gave it control over real-estate credit in the conventional mortgage-type loan. There is another type of loan to which I wish to refer. Approximately 50 percent of new housing today is built with some kind of Government aid, either FHA, VA, farm housing, or public housing. In such instances we provide that the President shall have power to regulate credit controls. We contemplate it would parallel and as near as practicable be uniform with controls applying to conventional mortgage loans.

Mr. THYE. Would the President be empowered to establish a board which would deal specifically with that phase?

Mr. SPARKMAN. We did not write such a provision into the bill, but my assumption is that the President would use the agency which is already in existence, namely, the Housing and Home Finance Agency, and that he would say to the Administrator of the Agency, "I want you and the Chairman of the Federal Reserve Board to consult on these matters and come to a conclusion as to what control should be placed on real-estate loans."

Mr. THYE. Would the same provision of the bill which was referred to a few moments ago in the colloquy with the Senator from Kansas, under which there would be hearings with the trade or the interested parties before any rules and regulations were promulgated, relate to controls on real estate?

Mr. SPARKMAN. The last two sections to which I referred, section 701 and section 709, are general provisions and they relate to the whole act, everything in it.

Mr. THYE. In other words, if a board were established by the President to deal with this particular phase of financing, before the board could promulgate any rules which would be imposed upon the contractor, or the builder, or the financier, the interested people would be given an opportunity to discuss the subject, and to file any objection before rules and regulations were imposed. Am I to understand the bill to operate in that manner?

Mr. SPARKMAN. Yes. The Senator continues to use the expression "if the President establishes a new board." I desire to make it clear that we do not anticipate the President's creating a new board with reference to real estate credit controls. I desire to make it clear, and I do not want it misunderstood, that the committee contemplated the conventional type loans administered by the Federal Reserve Board. We wanted them administered by the President, but we understood he would utilize the existing Housing and Home Finance Agency. I do not want anything to appear to indicate that we want any other board established.

Mr. THYE. However, there is a distinction between the two phases of loaning, and for that reason the President might, if he should so desire, set up another board, because it is discretionary with him as to which agency he would use. I am happy to have the explanation that before any rules and regulations would be promulgated and imposed, the person affected would have an opportunity to be heard. I understood the Senator to so indicate, and if that is correct, that answers my question.

Mr. SPARKMAN. I certainly believe the Senator to be correct, that regardless of who issues the regulations or the orders, before doing so he will be required to specify that the particular industry affected has been consulted, or, if not practicable to consult with the industry, that must be stated, and the reasons why given. That is provided for in section 709.

Mr. THYE. That does give us the assurance that there will be no regulations which will come out overnight, so to speak, and be imposed upon an industry or trade, which would be impracticable, a rule or regulation imposed which would be a great hardship upon the individuals who would come under it. I believe that is a safeguard within the bill which should give us assurance that the law will be administered in a manner which will not impose hardship upon anyone in particular.

Mr. SPARKMAN. I agree with the Senator entirely. The bill would require consultation wherever practicable. Of course, there will be some occasions where it would not be appropriate to consult in advance. There may not be time, when speed is vital. Sometimes giving advance notice of a proposed restriction would defeat the purpose of the restriction, or consulting a few people in an industry would give them an unfair advantage over the rest of the industry.

Mr. President, the matter of price control and wage control has been discussed, and I shall not take more time on it. I desire to make it clear that we tie wage controls and price controls together, and if the President ever comes to the point of putting price controls on a substantial part of the American economy, he must invoke wage control.

On the question of rationing, we do not require him to invoke rationing. That is purely permissive.

Section 708 deals with the Antitrust Act. Small business has been greatly concerned about the provision in the bill which exempts certain acts taken at the request of the President from the provisions of the antitrust laws.

Mr. DONNELL. Mr. President——

The PRESIDING OFFICER (Mr. LEHMAN in the chair). Does the Senator from Alabama yield to the Senator from Missouri?

Mr. SPARKMAN. I yield.

Mr. DONNELL. Does the Senator have before him the page and line where it is required that in the event the President shall bring about price control he must also bring about wage control? I have before me page 40, and I wondered if that was the page to which the Senator referred.

Mr. SPARKMAN. On page 42, line 9, it is provided:

> Wages, salaries, and other compensation shall be stabilized generally whenever ceilings on prices, including retail sales prices, have been established on materials, services, and property comprising a substantial part of all sales at retail and materially affecting the cost of living.

Mr. DONNELL. I am sorry to have had to ask the Senator the question, but, as he realizes, it is necessary to listen with the ear and follow with the eye, because we have not yet had an opportunity to read the bill thoroughly.

Mr. SPARKMAN. That is correct, and I appreciate that Senators have not had an opportunity particularly to study

the report, because we finished the bill just a couple of nights ago, about midnight, after a 10-hour committee session, and it simply was not humanly possible to get the report finished and printed and on Senator's desks before noon today.

Mr. DONNELL. I express for myself, at any rate, appreciation of the very fine analysis the Senator from Alabama has been giving us. It has been very helpful to me, and I for one am very grateful to him.

Mr. SPARKMAN. I appreciate those words on the part of the able Senator from Missouri.

I wish to say just a word with reference to the proposed exemption from antitrust laws, because there has been a great deal of concern expressed, particularly by small business, regarding this proposal.

We provide in the bill for voluntary agreements and programs. We hope that many of these things can be worked out voluntarily. It is simply impossible for representatives of industry to come together with the Government and discuss these matters, particularly if they have to do with allocating materials, making prices, and many other things. If they do some of these things, they are subject to the antitrust laws. The exemption is for the purpose of permitting those things to be done under careful supervision by the Government and only after consultation with the Attorney General and the Federal Trade Commission. We have tried to safeguard the bill just as much as we could. We added an amendment to the bill providing that the chairman of the Federal Trade Commission shall be called into consultation, and shall be given notice of proposed actions under these provisions, so that every precaution can be taken to prevent any injury to competitors or the public or any lasting infringements on our free competitive economy. By putting the Federal Trade Commission fully into the picture small business can be assured that its interests will be well protected.

We believe that the power is pretty well safeguarded in the provisions we have written into the bill, and we have a feeling that small business need not be afraid that, as a result of the particular provisions we have made, big companies are going to be allowed to run rampant and create monopolies. Certainly it is the intention of the committee—and I am sure this is true of the entire Senate and the Congress—to do everything possible to preserve the free, competitive-enterprise system and the very important part small business plays in that system.

Mr. President, I appreciate the courtesy and attention of Senators to my effort to explain the pending measure. By and large, I believe the committee has done an excellent job, and presented to the Senate a good measure, which should be enacted into law.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the joint resolution (S. J. Res. 193) to amend section 14 of the Merchant Ship Sales Act of 1946, as amended, for the purpose of correcting an error in Public Law 591, Eighty-first Congress.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 21) to provide for the utilization of a part of the unfinished portion of the historical frieze in the rotunda of the Capitol to portray the story of aviation.

The message further announced that the House had severally agreed to the amendments of the Senate to each of the following bills of the House:

H. R. 602. An act for the relief of Fritz Busche; and

H. R. 4136. An act for the relief of Helen M. Booth.

The message also announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 4989. An act to provide for the payment of just compensation to John Ii Estate, Ltd., a Hawaiian corporation, for the taking by the United States of private fishery rights in Pearl Harbor, Island of Oahu, T. H.; and

H. R. 9023. An act to amend the Hatch Act.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions, and they were signed by the Vice President:

S. 3644. An act to amend the War Claims Act of 1948, as amended;

H. R. 612. An act for the relief of Col. W. M. Chubb;

H. R. 1618. An act for the relief of Kenneth J. MacKenzie;

H. R. 1922. An act to amend section 10 of the Reclamation Project Act of 1939;

H. R. 1988. An act for the relief of Leslie A. Fry;

H. R. 2350. An act for the relief of Mrs. Marion M. Martin Jones;

H. R. 2805. An act for the relief of John F. Oettl;

H. R. 2854. An act for the relief of Wade H. Noland;

H. R. 3605. An act to provide for the documentation of the Canadian-built vessel *North Wind* owned by a citizen of the United States;

H. R. 4065. An act to provide for the relinquishment of mineral reservations in the land patent of Thomas Stephens;

H. R. 4117. An act removing the present restriction relating to the granting of privileges within Kings Canyon National Park in order that privileges hereafter granted may be consistent with those granted in other areas of the national park system, and for other purposes;

H. R. 5157. An act for the relief of the legal guardian of Anthony Albanese, a minor;

H. R. 5282. An act to amend section 3 of the Organic Act of Puerto Rico;

H. R. 6657. An act for the relief of Georges Jules Louis Sauvage;

H. R. 6850. An act for the relief of Lt. Col. F. A. Ferguson;

H. R. 6959. An act authorizing the Secretary of the Interior to issue a patent in fee to William Watt;

H. R. 6960. An act authorizing the Secretary of the Interior to issue a patent in fee to James Wilbur Watt;

H. R. 6961. An act authorizing the Secretary of the Interior to issue a patent in fee to Mary E. White Watt;

H. R. 6963. An act authorizing the Secretary of the Interior to issue a patent in fee to Guy L. Heckenlively;

H. R. 6964. An act authorizing the Secretary of the Interior to issue a patent in fee to Josephine Stevens Goering;

H. R. 7043. An act to provide for the granting of an easement for a public road or public toll road through the wildlife refuge located in Princess Anne County, Va.;

H. R. 7192. An act to provide benefits for the widows of certain persons who were retired or are eligible for retirement under section 6 of the act entitled "An act to authorize aids to navigation and for other works in the Lighthouse Service, and for other purposes," approved June 20, 1918, as amended;

H. R. 7253. An act for the relief of Charles Wilson Roland and Mirtie L. Roland;

H. R. 7293. An act authorizing the Secretary of the Interior to issue a patent in fee to Charlotte Geisdorff Kibby;

H. R. 7294. An act authorizing the Secretary of the Interior to issue a patent in fee to Rebecca Collins Ross;

H. R. 7431. An act for expenditure of funds for cooperating with the public-school board at Walker, Minn., for the extension of public-school facilities to be available to all Indian children in the district, and for other purposes;

H. R. 7540. An act for the relief of Louise Peters Lewis;

H. R. 7773. An act to authorize the sale of certain allotted land on the Pine Ridge Indian Reservation, S. Dak.;

H. R. 7869. An act to provide for the furnishing of quarters at Newnan, Ga., for the United States District Court for the Northern District of Georgia;

H. R. 7887. An act granting the consent and approval of Congress to an amendment to the Atlantic States Marine Fisheries Compact, and repealing the limitation on the life of such compact;

H. R. 8144. An act to authorize the sale of a small tract of land at Great Falls, Mont.;

H. R. 8450. An act for the relief of Raief Neahem, Iffef Neaham, and Ishen Neahem;

H. R. 8597. An act to permit national banks to give security in the form required by State law for deposits of funds by local public agencies and officers;

H. R. 8767. An act to authorize the exclusion from the mails of all obscene, lewd, lascivious, indecent, filthy, or vile articles, matters, things, devices, or substances, and for other purposes;

H. R. 8792. An act to amend the statute relating to certificates of trade-mark registrations;

H. R. 8845. An act to provide for the conveyance of a tract of land in Kennebec County, Maine, to the town of Chelsea;

H. R. 8928. An act to provide improved procedures with respect to the financial control of the Post Office Department, and for other purposes;

H. R. 8944. An act authorizing the Ogdensburg Bridge Authority, its successors and assigns, to construct, maintain, and operate a bridge across the St. Lawrence River at or near the city of Ogdensburg, N. Y.;

H. R. 9074. An act to amend chapter 61 (relative to lotteries) of title 18, United States Code, to make clear that such chapter does not apply to nonprofit contests wherein prizes are awarded for the specie, size, weight, or quality of fish caught by the contestant;

H. R. 9120. An act to amend section 322 (b) (3) of the Internal Revenue Code;

H. J. Res. 453. Joint resolution authorizing the President to invite the States of the Union and foreign countries to participate in the First United States International Trade Fair, to be held at Chicago, Ill., August 7 through 20, 1950;

H. J. Res. 489. Joint Resolution to permit articles imported from foreign countries for the purpose of exhibition at the Midcentury International Exposition, Inc., New Orleans, La., to be admitted without payment of tariff, and for other purposes;

H. J. Res. 496. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the International Food Exposition, Inc., Chicago, Ill., to be admitted without payment of tariff, and for other purposes; and

H. J. Res. 501. Joint resolution to authorize the procurement of an oil portrait and a marble bust of the late Chief Justice Harlan F. Stone.

THE STATE DEPARTMENT AND UNITED STATES POLICIES IN THE FAR EAST

Mr. KNOWLAND obtained the floor.

Mr. WHERRY. Mr. President, does the Senator expect to make an extensive address?

Mr. KNOWLAND. I expect to speak for about half an hour on the State Department and the policies of the Government in the Far East.

Mr. WHERRY. I wonder if the distinguished Senator would yield so that I may suggest the absence of a quorum.

Mr. KNOWLAND. I yield for that purpose.

Mr. WHERRY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded, and that the further proceedings under the call be suspended.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. KNOWLAND. Mr. President, the overt aggression by the Soviet-inspired North Korean Communist forces against the Republic of Korea made clear to the people of this Nation and to the free people of the world that the Soviet Union's double talk about peace was and is a mask for war.

Only the naive could have believed that the tiger of international communism had become the dove of peace. At this critical hour in the history of this Republic, the naive should not be directing our foreign policy.

It had not been my intention to review the events of the past year quite so soon. Indications have recently materialized that make an analysis of our policy—past, present, and future—essential at this time.

This crisis is not something that concerns Secretary Acheson and the executive department of the Government alone. The life of our Republic and the freedom of our people are at stake. The Congress has a responsibility it cannot and should not abdicate to anyone.

While the President of the United States has great powers in peacetime under our Constitution, his wartime powers are even greater but they are not unlimited. Nor should they be. Congress should pass legislation to meet the defense needs of the Nation but no powers in excess of those requirements should be granted.

On June 24, 1949, 21 Senators wrote President Truman and called for assurances that the United States would not recognize the Communist regime in China. The letter read as follows:

JUNE 24, 1949.

Hon. HARRY TRUMAN,
The White House,
Washington, D. C.

DEAR MR. PRESIDENT: The undersigned Members of the Senate have been greatly concerned by reports that this Government might be contemplating the recognition of the Communist regime in China.

Any such policy would appear to be inconsistent with the position this Government took in Greece and Turkey when the Truman doctrine was enunciated and with the substantial support we have given through the Marshall plan to the nations of western Europe and with the North Atlantic Pact against aggression in western Europe.

Communist control of China means the ultimate negation of the open door trade policy; loss of freedom and independence in a real sense for the people of China and a major victory for international communism with a corresponding threat to the national security of the United States.

We believe that the time has come for the adoption of an affirmative friendly policy toward the constitutional government of China and the forces opposing communism in that country.

We further believe that this Government should make it clear that no recognition of the Communist forces in China is presently contemplated and that we shall make clear that a free, independent and non-Communist China will continue to have the friendship and assistance of the United States of America.

Respectfully yours,

WILLIAM F. KNOWLAND, PAT MCCARRAN, STYLES BRIDGES, WARREN MAGNUSON, OWEN BREWSTER, CLYDE REED, SHERIDAN DOWNEY, KARL MUNDT, HOMER FERGUSON, WAYNE MORSE, MILTON YOUNG, RAYMOND BALDWIN, EDWARD THYE, ROBERT A. TAFT, JOHN BRICKER, SPESSARD HOLLAND, RICHARD B. RUSSELL, EDWARD MARTIN, HUGH BUTLER, GUY CORDON, HARRY CAIN.

The background for this letter is important. In mid-June of last year reliable reports were current that discussions were taking place between the Governments of Great Britain and the United States relative to the recognition of the Communist regime in China.

Mr. President, at this point I ask unanimous consent to have printed in the RECORD as a part of my remarks, in the body of the RECORD, a portion of an article which appeared in the April-May 1950 issue of Labor's Monthly Survey, which is published by the American Federation of Labor, beginning on page 5, under the heading "Soviet plans further aggression from its China base," and ending at the top of page 7.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

SOVIET PLANS FURTHER AGGRESSION FROM ITS CHINA BASE

Soviet control in China follows the pattern familiar in Europe. Stalin's puppet Mao carries out his orders, and in return Stalin supplies him with the armed force necessary to keep him in power and to carry forward the Soviet conquests. Soviet planes and equipment are being furnished, Soviet generals direct Red China's armies. From its China base, the Soviet reaches for Indochina, plans a drive into Tibet, infiltrates Thailand, has already conquered the island of Hainan, looks toward a drive on Formosa, the last island stronghold of the legitimate Government of China. By fomenting civil war in Indochina and attacking the Viet Nam Government which is a member of the French Union, Stalin accomplishes a double purpose: He forces the French to drain their military strength away from Europe, and also prepares a further Communist advance into southeast Asia, toward Indonesia, Malaya, Burma, with the goal of outflanking India. And India is the key to this vital southeastern area, rich in so many essential raw materials. This is an area of great danger to United States of America, at the western door to our own country.

It is significant that the International Confederation of Free Trade Unions is sending a delegation to India and the Far East preliminary to setting up a branch office there. Such an office will be a vital rallying point for free-trade unionists who seek to defeat Communist efforts to capture the Indian and other trade-union movements.

In China the ruthless Communist conquest has brought the people to poverty and starvation. It is estimated that about 10,000,000 Chinese will die of starvation this year, and the Soviet has refused to permit the United Nations Food and Agricultural Organization to send food to them. Many of the free trade unionists who sought to better the conditions of Chinese workers have been murdered in cold blood. Liu Sung-shan, veteran trade-union leader revered by all, had been three times Chinese workers' delegate to the International Labor Organization. He thought he could carry on his trade-union activities under the Communist government as he would under any other, and continued to help the Chinese workers. He was beheaded by the Communist authorities.

On the island of Formosa are the headquarters of the anti-Communist underground movements active on the mainland. Formosa is the key to maintenance of legitimate governments in the Philippines, Japan, and the far eastern islands. Anti-Communists everywhere can help by aid to these resistance organizations. Here is the last chance for the United States to take a stand against the spread of Communist aggression across the Pacific to our own shores.

DEATH WARRANT FOR THE UNITED NATIONS?

The United Nations was set up 5 years ago to suppress acts of aggression and bring about settlement of international disputes by peaceful means and in conformity with the principles of justice and international law. All members, including the U. S. S. R., pledged themselves to respect the territorial integrity and political independence of any state and to refrain from the use of force. Stalin now seeks to remove from the United Nations the legitimate Government of China, a charter member, and replace it with the usurping Communist regime, imposed on the people of China by military conquest in violation of the United Nations Charter. He hopes by so doing to secure for himself two of the five veto powers on the Security Council.

As the chairman of the Federation's Free Trade Union Committee points out, for the United Nations to agree to any such maneuver would be tantamount to signing its own death warrant. If, instead of striving to protect weaker states and insisting on law and justice, the United Nations becomes a means of endorsing aggression and recognizing states set up by military conquest, it will follow the League of Nations to the scrap heap.

Mr. KNOWLAND. Mr. President, I also wish to read from the same publication, Labor's Monthly Survey, published by the American Federation of Labor, in its June 1950 issue, the following:

A major move in Soviet strategy is the drive to seat Communist China in the United Nations as a permanent member with veto power on the Security Council. To accom-

House of Representatives of the United States;

H. R. 9023. An act to amend the Hatch Act; and

H. J. Res. 434. Joint resolution providing for recognition and endorsement of the California World Progress Exposition.

The message also announced that the Senate had passed bills, a joint resolution and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 294. An act for the relief of Hernando J. Abaya, his wife and two children;

S. 410. An act for the relief of the former shareholders and debenture note holders of the Goshen Veneer Co., an Indiana corporation;

S. 541. An act to amend the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the Postal Service; to establish uniform procedures for computing compensation; and for other purposes," approved July 6, 1945, with respect to clerks in air mail field railway post offices;

S. 665. An act for the relief of Margaret D. Scott;

S. 814. An act to authorize the sale of inherited interests in certain allotted land under the jurisdiction of the Sisseton Indian Agency, S. Dak.;

S. 883. An act to authorize the taking and destruction of dangerous weapons in certain cases, and for other purposes;

S. 946. An act to permit credit, for purposes of parole, for time served in a Federal penal institution under an illegal conviction or sentence in the case of a person who is subsequently legally convicted and sentenced for the same offense;

S. 1140. An act to authorize credits to certain public agencies in the United States for costs of construction and operation and maintenance of flood protective levee systems along or adjacent to the lower Colorado River in Arizona, California, and Lower California, Mexico;

S. 1832—An act to amend the Immigration Act of October 16, 1918, as amended;

S. 1913. An act for the relief of Adelaide Giovanna Summa;

S. 2487. An act for the relief of Dominic Arcella;

S. 2506. An act for the relief of Libuse Chalupnik Pavlish;

S. 2695. An act for the relief of Stella Jean Stathopoulou;

S. 2772. An act for the relief of Thomas N. Cole;

S. 2927. An act for the relief of Edmon Burgher;

S. 2948. An act to authorize the sale of certain land allotted to Clara Whitesell, Standing Rock allottee No. 915;

S. 2981. An act for the relief of Giuseppe Merlinet Forgnone;

S. 3094. An act for the relief of Miriam Rosenblum;

S. 3107. An act for the relief of Boleslaw H. Drobinski, his wife, Marjorie, and his daughter, Janina;

S. 3157. An act for the relief of Setsuko Takata and Catharine Takata;

S. 3263. An act to amend Veterans' Preference Act of 1944 with respect to certain mothers of veterans;

S. 3367. An act for the relief of the law firm of Hunt, Hill & Betts;

S. 3426. An act to authorize the admission into the United States of an alien possessing special skill, namely, Gerhard Zahn, and his wife;

S. 3504. An act to promote the development of improved transport aircraft by providing for the operation, testing, and modification thereof;

S. 3654. An act to amend section 3 of the Postal Salary Act of July 6, 1945;

S. 3724. An act for the relief of Maria Sulikowski Forbes;

S. 3889. An act to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States;

S. 3960. An act to amend subsection (b) of section 10 of the act of June 26, 1884, as amended (U. S. C., title 46, sec. 599 (b));

S. 3979. An act to fix the responsibilities of the Disbursing Officer and of the Auditor of the District of Columbia, and for other purposes;

S. 3987. An act to amend title 18, United States Code;

S. J. Res. 163. Joint resolution to designate the reservoir above the Baldhill Dam in North Dakota as Lake Ashtabula; and

S. Con. Res. 100. Concurrent resolution providing for the printing of proceedings at the unveiling of the statue of Brigham Young.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 3644. An act to amend the War Claims Act of 1948, as amended.

The message also announced that the Senate had adopted the following resolution:

Senate Resolution 326

Resolved, That when the Senate recesses or adjourns on Friday, August 11, 1950, it be until Monday, August 14, 1950, and that on said day, and until otherwise ordered, it meet in the old Supreme Court room in the Capitol.

Resolved, That all rules relating to the Senate Chamber shall be applicable to the old Supreme Court room.

Resolved, That the Secretary communicate these resolutions to the President of the United States and to the House of Representatives.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 9038. An act to authorize the President to determine the form of the national budget and of departmental estimates, to modernize and simplify governmental accounting and auditing methods and procedures, and for other purposes.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MCCLELLAN, Mr. HOEY, Mr. O'CONOR, Mr. MCCARTHY, and Mr. MUNDT to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 1838) entitled "An act to amend title 28 of the United States Code relating to fees of United States marshals," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MCCARRAN, Mr. EASTLAND, and Mr. WILEY to be the conferees on the part of the Senate.

CALL OF THE HOUSE

Mr. SPENCE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. PATMAN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 227]

Barrett, Wyo.	Hobbs	Quinn
Boykin	Jennings	Regan
Bulwinkle	Johnson	Rivers
Cox	Keefe	Sabath
Dague	Kelley, Pa.	Sadowski
Davies, N. Y.	Kennedy	Scott,
Dawson	Larcade	Hugh D., Jr.
Denton	Latham	Shelley
Dingell	McMillen, Ill.	Sheppard
Eaton	Magee	Smith, Kans.
Elliott	Mason	Smith, Ohio
Engle, Calif.	Miles	Steed
Gillette	Murphy	Talle
Gossett	Murray, Wis.	Wadsworth
Hall,	Pfeiffer,	Whitaker
Edwin Arthur	William L.	White, Idaho
Hare	Phillips, Tenn.	Winstead
Hébert	Poulson	Woodhouse
Hinshaw	Powell	

The SPEAKER. On this roll call 368 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

DEFENSE PRODUCTION ACT OF 1950

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 9176, with Mr. SMITH of Virginia in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Before rising on yesterday, the Committee agreed that the further reading of the committee substitute be dispensed with and open to amendment.

Are there any further amendments?

Mr. SPENCE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there seems to be a sentiment on the part of some Members of the House to give the President powers that he does not want and to reduce the powers that he does want to control inflation. If we do not give him sufficient powers to control the conditions that exist now the responsibility will be upon the Congress and not upon the President.

I have no sympathy with the argument that if we give the President these powers he will misuse them. I know the President, and he is pretty much the same man now as he was when he was Harry S. Truman, at Independence, Mo. He is not grasping powers, and does not want them except to be used for his country's good. To say that he would control the life blood of the Nation if you

let him control the credit ought to have no weight with you.

It has been stated that under the act as originally drafted if John Smith lends his friend, Bill Jones, $100, to be paid in installments, the lender and the borrower would have to make themselves amenable to all the provisions of this act. That is just pure nonsense. There would be orders and regulations that would exclude any transaction of that kind from the operation of the law.

The wise Constitution makers who created the office of President and who, I think, were probably the wisest men that ever sat around the council table—I think the Mighty Ruler of the universe had His hand upon their shoulders—granted powers to the President that were stupendous; unlimited powers. He is the Commander in Chief of the Armies and the Navies of the United States and of the militia when called into action. He can take the admiral off the bridge of the flagship as he goes into battle and say, "I command." He can take the commander in chief out of the field as our forces go into battle and say, "I command." But do you think he would do it? Of course he would not do it, any more than he would misuse the powers we are granting him under this bill.

He has the power of pardon and reprieve given him by the Constitution. He can open the gates of our Federal prisons and let out every man that has been convicted of crime. Is there any parallel in granting that power? Of course not.

He must approve or disapprove every act of Congress. He has the right to veto every act we pass. That is a stupendous power. Does he misuse it? Of course he does not, and no President ever has misused it.

He has a great responsibility. He is a normal man, and I know that responsibility weighs upon him. Then to talk about diminishing these comparatively trivial powers that are provided for in this bill, that amount to nothing as compared with the powers that were given him in the Constitution, is pure nonsense.

The President is not seeking these powers to enslave the people. He is not seeking these powers to destroy the lifeblood of our economy. He is seeking them to meet a condition which exists now and a condition he cannot meet unless you grant him these powers. I ask when you consider these things, to approach it in that spirit.

He can negotiate all the treaties of the United States, and if they are approved by the Senate, they become the supreme law of the land. Then it is said if we let him control a little credit we are taking a great chance on having the power misused. Please approach the consideration of this bill in that spirit in which the wise makers of the Constitution approach the problem of the creation of the office of President of the United States and the delegation to him in that greatest charter of government ever devised by man.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I have very deep respect for the gentleman from Kentucky. I think there is no more able, deep thinking, and fundamentally thinking, man in the House than the gentleman from Kentucky, BRENT SPENCE. He is a philosophical gentleman, fair in all of his undertakings, and, of course, in realizing that the President has all these extremely important powers which are given to him by the Constitution he must recognize that the Congress of the United States is also a part of this governmental integrated machine by which through checks and balances America operates and has become the greatest country under God's canopy. We want to keep it that way.

Now, to take literally the statements of the gentleman from Kentucky we here in the Congress might abdicate our position as one of the three integrated branches of this American system of government with the assurance that the President of the United States, after receiving these powers, would be a benign dictator. The mere presence of the powers in the Executive sometimes is as destructive as the actual use of the powers. That is why we here in the Congress, a branch of the Government set up by those same founding fathers who created the executive branch, have an obligation to the people to preserve the American system of government and be very, very careful about the delegation of powers to the Executive, regardless of the individual who happens to occupy that office.

We should be very careful about the delegation of those powers which are fundamentally and basically delegated by the Constitution to the Congress.

We have a direct obligation to the people, because we are closer to them, as their representatives, than any other branch of the Government. The President is given a great many powers, but he has never, under the Constitution or by delegation from this Congress, had one single power that the Congress could not check on and balance off, either by overriding the Presidential veto, by refusing to confirm his treaties, or going further, even by impeachment. We have always in this Congress reserved the fight to check, and check perhaps immediately, upon autocracy, upon any misuse or maltreatment of the powers which we have delegated, or powers which the President has under the Constitution. We should always keep ourselves in that position. If we do not keep ourselves in that position, if we do not keep the fundamental. the basic concept of our republican democracy, the principles of which are established by the Constitution, in which each branch of the Congress retains its position as that of a check or balance against the other. then we destroy American constitutional government. We destroy the American system of government. We destroy the basic principles upon which this country has become the greatest country in the world. That is my obligation, and it should be yours.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. WOLCOTT] has expired.

Mr. MULTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wonder if the Members realize the travesty which we are making of the great lawmaking power of this Congress. The shouts had hardly died down that we were not giving the President enough power when the men and women of this House were called upon to vote upon amendments to the pending bill to strike out of the bill some of the powers he asked for. You will be asked in a few minutes to strike out some of the others.

This is not a question of whether or not we are going to have any checks and balances. This Congress cannot administer any law that it enacts. You must create an agency or vest the power in someone to administer the law that we pass. That is what we are doing and what we are asked to do now, to vest in the President or in those to whom he may delegate the power, control of inflation in this country. You unhesitatingly gave him the power to control the lifeblood of the boys and girls, the youth of this country, who are going to do the fighting for us. Why do you hesitate now to give him the power to control the economy of the country? You are going to give him the right to control prices and wages, but you are not going to let him control the banking institutions and those who want to gamble on the commodity exchanges. You are going to say to the little men and women of this country, "You cannot buy a table or a bed for your home on the installment plan; you cannot go to the corner grocer or butcher and buy your foodstuffs for the table on a charge account, but we are going to let the gamblers continue to reap a harvest on the commodity exchange."

You are going to let the real-estate interests run wild in the lending of money for the roofs over their heads, while denying them the equipment for those same homes. And you talk about checks and balances. You have all the checks and balances you need in this very bill.

By concurrent resolution we can recall those powers overnight. What are you afraid of? The Commander in Chief, whom you have empowered to send those boys wherever they may be needed to defend our shores? He may do that, but you will not let him tell you that you cannot buy the materials that go into the armaments and matériel that those boys will need to carry on the battle.

Oh, what a travesty you are enacting here by what you are doing.

In a few moments you are going to be called upon, I hope, to stand up and be counted and have your names recorded permanently in the records of this Congress so that your children and the children who come after them may know who stood up here and said: "Send them over to fight, but keep from them that which they need to fight.

"Regiment the boys into the armed services. Regiment little lobbyless John

Q. Consumer back home. But stay away from the untouchables who can pressure us with their powerful lobbies. Exempt the agricultural exploiters, the commodity exchange manipulators, and the real-estate interests.

"Control the little man and woman in the home and in their daily activities, but let the money lenders, and the money changers, and the gamblers run riot."

The time will soon come for you to be recorded; let your conscience be your guide.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, there is no one of us who would take issue with the particular statements made by the gentleman from Michigan [Mr. WOLCOTT] under ordinary conditions; but we are not faced with ordinary conditions today; we are faced with a condition of danger, and when a condition of danger or imminent danger to our country or our way of life arises—it is much broader than our country, it is an attack, a challenge to a way of life which involves many peoples and countless of millions of people who are dominated by Communist dictators, people who want to be free and who believe in our way of life—we have got to meet it.

My friend from Michigan overlooked one important fact, that the Congress always has control of the purse—to appropriate money, and thereby can always control delegated powers. That is the great power of the Congress of the United States, control of the purse strings.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. WOLCOTT. I wish to call the gentleman's attention to the fact that in this bill we delegate the power of appropriation to the President.

Mr. McCORMACK. Will the gentleman state in what way?

Mr. WOLCOTT. Yes, I will.

Mr. McCORMACK. You mean by the creation of corporations?

Mr. WOLCOTT. No; by directing the Treasury to buy the obligations of these agencies and treat it as a debt.

Mr. McCORMACK. That is not the power to appropriate. That has been passed on. We had that in the housing bill and other legislation. I am talking about the power to appropriate, to employ help, to carry on in actual operation any of the delegated powers that might be given to the President. The Constitution vests in the Congress the power to appropriate, and the provision to which my friend refers has no relationship to that.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. PATMAN. May I invite the attention of the gentleman to the fact that under section 513 the Congress is further enabled by concurrent resolution to repeal any provision of this act?

Mr. McCORMACK. That is correct.

Mr. Chairman, we are faced with a world situation. Even under ordinary circumstances we have to delegate powers; we delegate powers to Federal agencies, the Federal Trade Commission, the Interstate Commerce Commission. All of our agencies particularly of a quasi-judicial nature have powers delegated to them which are both judicial and legislative; and we do that because the Congress cannot legislate with reference to every detail in the operation of a branch organic law, and I refer to the agencies that have regulatory powers. We have to delegate to them both quasi-judicial and quasi-legislative powers.

My friend from Michigan talks about the President's constitutional powers. The powers of the President under ordinary circumstances under the Constitution are limited. It is true that when an emergency is officially declared or war actually occurs tremendous war reserve powers come into operation that the President can utilize, but only after an emergency has been declared, a national emergency, or only after we have actually entered war or war has been declared, officially declared. We are not in that situation now; there has been no official declaration of a national emergency, and there has been no official declaration of war; so the war reserve powers that a President, not President Truman but a President of the United States, from the very day that our constitutional Government was instituted, possesses are not in operation now; therefore we have to go through the method of legislation and delegate powers to the President.

Even when a national emergency is declared, when we are at war, the reserve war powers of the President do not cover every field. So the framers of the Constitution took into consideration all of these things. They had confidence in the man who may be President of the United States, the only man whose constituency is the entire country.

We have a situation here where the great majority of the Members of this body want stronger powers in this emergency. We cannot legislate for every one of them. We have to delegate them somewhere. This bill sets forth proper standards that the President must meet.

Mr. Chairman, it seems to me we have got to face realities. We are doing it within the constitutional framework of our Government. I hope, therefore, that these amendments and the other amendment that was adopted yesterday will be defeated.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. HALLECK. Mr. Chairman, I move to strike out the requisite number or words.

Mr. Chairman, on last Friday after several days of rather futile work there were some consultations held and the matter of this pending legislation was put over until yesterday. Since that time there have been talks about bipartisanship. I do not know for sure what is meant by that; but in any event I take it to mean that politics as such might be given up for the moment and that we might proceed to try to write fair legislation to meet the real problems that confront us.

It is apparent from what we have heard from the Democratic side here today that the big drive is on to forestall any limitation that the Congress might see fit to write into legislation dealing with the powers requested by the President. I do not think that is quite the way to approach it. It was known last week that the gentleman from Michigan and many other Members of the House were very insistent that certain amendments be written into this legislation and it appeared then that Members in sufficient number would support the amendments. I do not know why at this hour there should be so much concern unless it is to save face or to say arbitrarily that there can be nothing touched in this legislation. To my mind that is not the proper way for the House to legislate and certainly it should not make much of an appeal to the Members on either side of the aisle.

It is said this country is in a crisis. Of course no one knows for sure how much of a crisis we are in. It is being contended that this is not a real war that we are in, that it is only a police action. But there are many people in the country who think we are rushing headlong into too much regimentation, too much control, and a lot of the people, at high and low places both, are concerned.

Everyone recognizes through the years of history of this great country that the people have evidenced their genius for self-government in being willing to go along in times of crisis and to grant great powers over the lives of the people to a strong centralized Government. That is all right. But is that any reason to say that we must grant more powers than are needed? Throughout our history likewise has the genius of our people for self-government been evidenced in the fact that once the crisis has passed, they have recaptured for themselves the powers that they willingly yielded. It may be all right to say that by a concurrent resolution the Congress can recapture these powers. However, those of us who have served here in recent years are not going to be misled by that argument because we have seen how increasingly difficult it has become month after month and year after year to recapture those powers for the people.

Now, what lesson does that point for us? May I say to my friends on the Democratic side of the aisle as well as on my side, it points clearly to the proposition that as responsible Members of this great branch of the Government we should yield no more powers to the Executive than are necessary to meet our necessities. What is the principal problem before us as it is presented? Why, it is to carry on this war or police action, whatever you want to call it, to a successful conclusion, to muster our resources to bring about that successful conclusion, and at the same time to see to it, if we can, that run-away inflation does not destroy us here at home.

That does not mean, my friends of the committee, and Mr. Chairman, that it is required of us that we regiment the country completely or socialize the country. You know, I have always said that

no dictator nation could lick us because the productivity of men enslaved to a state can never equal the productivity of free men. That has been proved time and again. Now then, I do not say that in these measures we are enslaving the American people but, believe me, unchecked, used without restraint, it could go far in that direction.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. HALLECK. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Under those circumstances does it not behoove us now, under our responsibility, to grant only the powers that are needed? And, if later on more are needed, then it will be as easy, yes, easier for the Congress to grant those additional powers than to recapture them, once excessive power is granted; or yes, possibly to undo the damage that we might create by going too far.

Much has been said about the boys fighting abroad. Of course, they are fighting abroad. What for? Some of them say they do not know. Well, I think I know. They are fighting for their country; they are fighting for the kind of government we believe in; they are fighting for free people because they want us to remain that way, and I think the force of their arms, supplied by this great country of ours here at home, will be successful. But, is that any reason why we should jeopardize here at home the very thing which they are fighting to preserve?

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Might I call the attention of my friend to the fact that the House itself is giving to the President greater power than he actually asked for?

Mr. HALLECK. Now then, let me just say to the gentleman from Massachusetts, when the debate opened on this measure under the rule, I said then that there was no real emergency in respect to any of the powers asked in the committee bill as reported to justify proceeding without hearings, unless maybe it is on the consumer credit side. Why, less than 5 percent of the steel of this country is going into defense production. Will anyone challenge that? No, you cannot, because it is the truth. There is no actual war effort operation that is being prejudiced in any way by any lack of power in the Government.

The CHAIRMAN. The time of the gentleman from Indiana has again expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the gentleman be permitted to proceed for two additional minutes.

The CHAIRMAN. Is these objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I would like to respond further to what the gentleman asked me and then I shall be glad to yield.

I said also in that opening statement that if there was anything of immediate emergency or consequence that demanded immediate action by the Congress, it was this matter of increasing prices. Now then, that is the reason, if I may remind the majority leader, that the Congress moved to meet that emergency. The chairman of the Committee on Banking and Currency said that the only reason we had the original Spence substitute was because the minority was demanding that something be done about inflationary tendencies.

Beyond that, I still insist that the powers asked for in this committee bill as reported are broader than are necessary or essential or advisable, and it is no argument against our insistence that some of those powers be restricted to bring them in line with the immediate necessities to say that because somebody insisted that something be done on the price control front that we are asking for more power than the President asked for himself.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The gentleman has frankly stated his position now, as he did before. The gentleman is of the opinion that there is no necessity for any legislation now. Is that correct?

Mr. HALLECK. I did not say that.

Mr. McCORMACK. I agree that the gentleman did not use that language; that is true. I want to be fair. But is that the deduction to draw?

Mr. HALLECK. No.

Mr. McCORMACK. The gentleman is opposed to the committee substitute?

Mr. HALLECK. If the gentleman will permit me, I can make myself perfectly clear.

Mr. McCORMACK. I am a little bit too fair to try to ask a catch question. I would not do that.

Mr. HALLECK. The gentleman is not asking me a catch question. If there is a catch, I will find it.

Mr. McCORMACK. I would not do that.

Mr. HALLECK. I appreciate that. The gentleman from Massachusetts has always been fair with me and I try to be fair with the gentleman. I propose to vote for this bill, hoping that it will be amended in several particulars. That is a fair answer, is it not?

Mr. McCORMACK. Is the gentleman in favor of all the provisions of the bill?

Mr. HALLECK. I certainly am not. I do not believe I am required under my responsibility to come in here and rubber stamp any proposal that comes from downtown. In my time here I have seen too much of that.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the President asked for powers that would permit him to set up an agency that would grant priorities and allocations, also authority to requisition plants that are needed in the war effort, also for the expansion of productive capacity and supply, in addition to control of credit and commodity speculation. He did not ask for broad powers. Now he is criticized because he has asked for broad powers, which he has not asked for.

It is true that probably a majority of the Members of this House, doubtless a majority, want something done about prices and wages. I am for that myself. We have written that provision into this bill, which is satisfactory to the majority. The President is perfectly willing to accept the responsibility. He has said so publicly. But he has not asked for the broad powers that the gentleman from Indiana and the gentleman from Michigan have stated here on the floor of this House, he has asked only for limited powers.

WORTHLESS MONEY

The gentleman from Indiana [Mr. HALLECK] said that free people work better than those who are slaves to the state. I thoroughly agree with him. At the same time, free people in a free country like our own will not willingly work for worthless money. Unless you do something to stop it, we are going in the direction of worthless money in this country. I do not care what kind of a war we have, people will not willingly work for worthless money.

This is an effort to stabilize our country, to stabilize the dollar, to keep it from becoming less valuable. We want valuable dollars, so men will willingly work for valuable dollars to build our country in time of peace and save it in time of war.

Pretty soon we will have some amendments offered to exempt the big fellows which is wanted by the real-estate lobby. They want to be exempted. They do not want to be included. The amendment will come up and strong pleas will be made for it, and there will be amendments providing exemptions for other special classes and special groups. All these powers are wanted up to a point, but when you begin to step on the toes of certain people in this country they begin to scream and then ask for exemptions from those powers.

Mr. Chairman, this bill is a very reasonable bill. It grants the President the powers that he has asked for, if it is not substantially amended and the main parts of it taken out. It also provides for price and wage controls.

Yesterday a provision was written into the bill which, if carried out to its ultimate conclusion and if the intention of that provision is carried out, is likely to wreck the country. This bill in the Senate provides for a separate agency to administer it. You cannot set up a separate agency in 3 months, and probably in not less than 4 or 5. So, if you force the President to fix price and wage controls immediately, with no mechanism to enforce or administer it or adjust any inequalities or injustices, there will be so much confusion and chaos that the whole thing is liable to break down in 90 days. So I still think this bill is

a good bill with these three gears: First, voluntary controls; next, selective controls; and next, all-out controls.

During the time in which the first two phases are in operation, we will be preparing for the third phase, if and when it becomes necessary. But we cannot do it all when we have no mechanism set up to do it. I hope the bill is passed substantially as is, without amendments calculated to destroy it.

Mr. KUNKEL. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I rise for the purpose of making a few comments on some of the remarks that have been made this morning. The gentleman from New York took the floor and said that during the past few days we have been conducting a travesty here on the floor of the House because we have been giving, or trying to give, the President some powers that he did not want, and were not giving him some of those for which he had asked.

If the Congress is a deliberative body in which reside the ultimate powers of our Government, then, when the question arises as to what powers we should give the President, the Congress is performing its proper function and proper duty when it decides which powers are to be conferred upon the President and what powers are to be denied to him. It is just very probable that the combined judgment of this body is better in that respect than the judgment of the President. It is only human nature for a man facing a serious emergency to desire more power than it is wise or expedient to grant to him.

I have no criticism whatever of the President when he asks for the powers that he has sought. I am sure that the President asks for those powers because he thinks they are required to carry the present operation in Korea through successfully and to meet any other crises which may arise. At the same time, I think we have the duty and obligation to decide these questions ourselves. That is exactly what we have been doing during the past few days. Instead of being a travesty, it is a fine exhibition of the Congress and its Members performing their proper functions. I think the conclusions that have been reached by this body have strengthened the bill and will strengthen the position of the President of the United States, if and when the bill is finally passed in substantially its present form.

The gentleman from New York referred to the credit provisions of the act and said that they freed real-estate credit. As a matter of fact, the provisions on real estate in this bill at the present speaking are exactly the same as they are in the committee bill because the amendment offered by the gentleman from Michigan on credit only went to the general credit provisions and not to the real-estate provisions at all.

Mr. Chairman, I want to divorce this question completely from one of personalities. I have confidence in the President of the United States. I do not think he is a man who is particularly grasping for power. But, at the same time, the man who now occupies the office of the Presidency of the United States may not be there forever, no matter what your opinion of him. That same power may reside in someone else. Once power is acquired, it is never easy for mortal man to give it up voluntarily.

I say to you of the opposite political faith it may be in the hands of a Republican in 1952. The question is, Are we to transfer the power, and how much power; not to whom is the power to be transferred. It is the duty of the Congress to meet that situation. I think the President has asked for too much power in some respects, but not enough in other directions. I do want to call your attention to the fact that the gentleman from New York [Mr. MULTER] referred to taking property when we are sending the boys overseas. Actually, there has been no amendment offered or adopted so far which changes in any material way the President's request or the committee bill in respect to priorities, allocations, or requisitions. All we are trying to do in the credit provision is to give the President the power which he now needs over credit, but to reserve the ultimate power so that it can be decided upon later, if and when there might be a real need for such action.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. No; not at this time. I think the President has asked for too much power. I think we should cut him down. I think we should select what phases of power we should grant him. If the bill were passed in its present form, under the present circumstances, we will be giving him more power than a good man would want and more power than a bad man should have. So let us exercise our selective judgment. Let us not just come in here and say, "We are in a tight spot. We would like to get out of it. So, as Members of Congress, we are going to shed our responsibility. We are going to turn this all over to the President, and then, if anything happens, we can say, 'It will be your fault, and not ours.'" Let us stand up and meet our obligation.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. KUNKEL] has expired.

Mr. COOLEY. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. COOLEY: On pages 44, 45, and 46, strike out all of section 411.

Mr. COOLEY. Mr. Chairman, I hope that the Members of this House are not confused, but as I have listened to the debate on this bill, I am actually beginning to wonder. Certainly, this is no time for bewilderment. It is a time for clear thinking and forthright action.

Many Members of this House appear to be somewhat confused about our international situation and somewhat uncertain about just what is going on in Korea. Yesterday an able Member of this House made a speech, which he began by saying, "We are not technically at war." This morning several other Members made speeches indicating great uncertainty regarding our situation in Korea. They were apparently timid about calling it war and seemed to prefer to refer to it as some sort of police action. This is no time for uncertainty, and surely this is no time for hypocrisy, and it is no time for us to be deluding ourselves. All of us must know that we are actually and technically at war. Our countrymen are fighting and dying every hour of the day and the night. If we are not technically at war, pray tell me by what right doth the President of this country, the Commander in Chief of our Armed Forces, send the youth of this Nation 7,000 miles from their homes and firesides to fight, to bleed, and to die in a foreign land? Whatever the exact character of the conflict, the fact remains that it is a battle to the death.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. POAGE. If we are not technically at war, when did we sign a peace treaty with Germany and Japan?

Mr. COOLEY. I was just going to point that out. Certainly, we are technically at war, because the documents of peace have never been drafted or the terms of peace agreed upon. The North Koreans have not invaded the territorial integrity of this country or any of its possessions, but they have violated a trusteeship which we are exercising in that part of the world. We need not deceive ourselves by wishful thinking. We are at war.

Mr. JENSEN. And a shooting war.

Mr. COOLEY. Yes, a shooting war in which men are being maimed and murdered. Yet we sit here and seem to think that we are engaged in a kind of "police action". Certainly my son is not a policeman nor is he a member of a police force. Neither is your son, and sons of other Americans who are now getting ready for the eventualities of a war which is being waged seven or eight thousand miles from home. We liberated Korea from the onslaught of Japan. The partition of Korea is one of the great tragedies of history but south of the thirty-eighth parallel we have a responsibility which we may not honorably shirk. Let us face up to the fact: This is no police action. It is nothing short of war.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. RANKIN. Will the gentleman discuss his amendment? I am very much interested in his amendment.

Mr. COOLEY. Yes, I shall be very glad to discuss the amendment I have offered. I apologize for trespassing upon your patience with observations concerning Korea.

There is nothing in the Korean situation which has prompted the request for the power which this bill seeks to confer upon the President to control margins on commodity exchanges. This power was requested more than a year ago, long before we even dreamed of the conflict in Korea. Out of respect for the Secretary of Agriculture's wishes, I introduced a bill which would have, among other

things, granted this power to fix margins. Hearings have been held, investigations and studies have been made, but the bill has not been reported. I am not complaining because the matter has been summarily taken away from the legislative committee to which it was properly referred but I do object to the emergency being used as an excuse for requesting this control over commodity exchanges. I am not talking about jurisdiction; I am discussing the merits and demerits of the proposition involved. Neither the President, nor the Secretary of Agriculture, nor any other official of the Executive Branch of the Government has ever had the authority over the commodity exchanges which this bill seeks to confer. The authority is not needed and should not be granted. There is nothing in recent transactions to warrant this unwarranted demand for power.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. HALLECK. Furthermore, in the Committee of the Whole the gentleman's amendment was sustained by a 2-to-1 vote. Can the gentleman explain to me why the Committee on Banking and Currency persisted in putting it back in the bill?

Mr. COOLEY. I regret very much that I cannot explain it. After the Committee of the Whole acted the other day I thought certainly that the Committee on Banking and Currency would accept this amendment and completely eliminate section 411 from the bill.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. BROWN of Georgia. I supported the gentleman's amendment when it was first considered, striking out section 411. I introduced an amendment and it was adopted to the effect that the section should not apply to bona fide hedging transactions. I found afterwards that it would not do the job. We met the other day. As the gentleman stated we passed this amendment on the floor the other day by a 2-to-1 vote. In our committee on yesterday we had a tie vote on this amendment, 12 to 12. The other body gave about three times as much consideration to this bill as we have, and they struck out section 411. I do not think it ought to be in this bill. I think the gentleman is correct. It was given consideration both here and in the other body, more consideration in the other body than we have given it, and it was rejected.

I hope the gentleman's amendment will be adopted.

Mr. COOLEY. I thank the gentleman very much.

I should just like to say in concluding that I wish I had time to discuss the merits of this amendment fully. I am not proposing it as a farmer; I am not proposing it merely because I happen to be chairman of the Committee on Agriculture of the House; certainly, I am not proposing it to protect gamblers.

Some gentleman called these people who speculate or trade on these markets gamblers. I am not conscious of the fact that they are gamblers. The mere fact that he says they are gamblers does not make them gamblers. Let me say this: If these commodity exchanges were cesspools of crime, if in these exchanges crime flourishes, if they are vortexes of vice and dens of iniquity, then we ought not to regulate them; we should not try to control them; we should lock them up and outlaw them. But I can prove by the Secretary's own language that they are needed in the orderly marketing of our agricultural commodities.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. COOPER. Mr. Chairman, I ask unanimous consent that the gentleman from North Carolina may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOLEY. The Secretary's letter clearly indicates that hedging, bona fide hedging, is desirable. He frankly admits that speculation is necessary if you are going to have bona fide hedging. He complains only about excessive speculation. What is execessive speculation? He does not know any better than you or I. I can prove by the records of the Commodity Exchange Administration that the smallest price increases have occurred on commodities on which there has been the greatest volume of trading.

Notwithstanding the record, the Department of Agriculture is apparently frightened by the volume of trading; yet the record discloses no cause for fear. The volume of trading on eggs was up about 128 percent, but the price of eggs went up only about 5 percent. Even though the price of eggs did advance slightly, eggs have not reached the support-price level and the Commodity Credit Corporation is at this very moment buying eggs by the thousands of dozens. Why? Because the egg price has not reached parity, and yet we are complaining because somebody has said there is speculation in eggs.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. HOPE. Is it not a fact that the Commodity Credit Corporation, as stated yesterday very ably by the gentleman from Georgia [Mr. BROWN] has vast quantities of almost all of the commodities which are traded on the exchanges? The very fact of that Government ownership will in itself prevent any wild speculation in those commodities either on or off the exchange.

Mr. COOLEY. The gentleman is right. Furthermore, if we have price ceilings on these commodities why do you want to close up the commodity exchanges?

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Tennessee.

Mr. COOPER. Is it not true that the adoption of the gentleman's amendment will serve the purpose of continuing the present orderly procedure with respect to agricultural products?

Mr. COOLEY. The gentleman is correct.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Texas.

Mr. POAGE. The purpose of this legislation is to prevent excessive price increases, is it not?

Mr. COOLEY. Yes.

Mr. POAGE. Has not the gentleman as a farmer, as one who has lived in a farm country heard all his life from every farmer in the country the complaint that the futures market kept the price down?

Mr. COOLEY. That is the farmers' complaint.

Mr. POAGE. Has that not been the consistent complaint for 50 years, that the futures market kept the price down? Are we to destroy a thing that has been keeping the price down at the very time that our sole purpose is to keep the prices down?

Mr. COOLEY. No. May I say that the businessmen of this country trade on these markets. They protect their inventories.

Let me sum up by saying that the complaint is made about volume of business. If you life the margins and drive out the numerous thousands upon thousands of little traders on these exchanges, then it is clear to see that the trading will be done by a comparatively few people. Then one large transaction will have such an impact upon the market that you will see wild market fluctuations and gyrations, and futures trading will be monopolized and in the hands of a very few people.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from New York.

Mr. MULTER. I have the utmost confidence in the gentleman and in those who take the same position that he does with respect to this amendment. I respect the motives that prompted the gentleman to offer the amendment. I would like to have the gentleman explain the provision in the amendment. The provision he is seeking to strike out is aimed only at traders who are gamblers.

Mr. COOLEY. Who are the gamblers? The gentleman continually uses the expression "gamblers."

Mr. MULTER. But will you keep out of speculating on the commodity exchanges those men who have nothing to do with any of the commodities traded in, but simply go in and buy the futures and gamble?

Mr. COOLEY. How can you ever hedge? How can you ever sell unless you have somebody to buy? These people go in and they buy and sell. I can prove to you by the records of the commodity exchanges that these speculations that the gentleman is talking about do not materially or substantially influence the price that the farmers receive or that the ultimate consumers pay.

Mr. MULTER. Explain to us how you can keep those who are not legitimate traders out of the commodity ex-

changes and stop them from gambling without this provision in the bill?

Mr. COOLEY. The gentleman has these exchanges in his own city. I cannot explain to you in a few minutes what my committee has learned in 12 months, during which time we have sent members to New Orleans, Chicago, New York, and every place else.

You refer to the traders on these exchanges as gamblers. Who are the gamblers, and who are the righteous citizens? If bona fide hedging is to be permitted, and if speculation in some degree is legitimate, then where shall we draw the line between vice and virtue? Who shall select the malefactor and who shall designate the honest man? This is nothing but a grasp for power. Yes, the power of life and death over an American business institution which has been permitted to operate through many long years, both in times of war and in times of peace. If the commodity exchanges should be abolished, if they exercise an evil influence and serve no good purpose, why not kill them outright and banish them from American life? Certainly no one—not even those who request the power to control—would in forthright fashion advocate closing these exchanges. I wish that time would permit me to discuss this proposition more fully, but I must conclude. In concluding, however, I want to emphasize the fact that commodity exchanges are now regulated by Federal law and are cautiously supervised. Those who would do evil must be very cautious or they will be caught and prosecuted.

I urge the adoption of my amendment.

Mr. DAVENPORT. Mr. Chairman, there is a fifth column busily at work in our country. I refer to the greedy war profiteers and price gougers who have made it mandatory that we impose price controls now.

These unprincipled profiteers who are squeezing profits out of the blood of our brave GI's should be branded as traitors. From my observation the people of this country are far ahead of the Congress. They are demanding strict controls on prices and wages and with these they demand tighter controls on credit and an excess-profits tax.

If steadily rising inflation is not to seriously hinder our defense effort during the present emergency, a system of credit controls must be adopted at once.

This is the only alternative to a system of general price controls on commodities, wages, and rents which would create great discombort among the American people and which would make necessary the lengthy procedure of setting up a vast bureaucracy for the administration of these price controls.

The preferred method of control at this time is the immediate institution of credit controls which can take effect immediately. Credit controls would serve to relieve the inflationary pressure which has come into being during the present national emergency. If steps are not taken to control credit and to channel the flow of scarce materials and manpower away from the production of consumer goods, our national defense effort will be seriously hindered. We cannot permit competition for scarce commodities between producers of consumer goods and producers of goods for our national defense to create inflation and to divert scarce commodities away from the defense effort. The pressure put upon our economy by over-expansion of consumer purchasing power must be relieved. The institution of credit controls would serve to relieve this pressure effectively and immediately.

Consumer credit controls have been shown by the experience of World War II to be useful and desirable when the economy is straining, as it is now, to provide the things required by consumers and by national security operations. When an economy is working at nearly full speed as ours is at the present time, and is required both to shift kinds of production and further to expand, then consumer credit controls have a number of useful results.

First. They restrain price increases of durable and semidurable commodities; the market for such commodities is sensitive to credit terms, and requirements of more cash outlay for down payments and larger current monthly payments, as maturity dates are shortened, restrain bidding up of prices.

Second. The elimination of rapid and large price increases, of the commodities which require the materials that are needed also for national security operations, contributes directly to the prosecution of the security operations.

(a) The operations are made cheaper, consumer credit controls making it possible for the military to outbid civilians more readily. The Nation gains in reduced armament costs, which necessitates less tax and debt increases than would occur if credit were not controlled.

(b) The operations are made more effective because the greatly increased procurement of materials and supplies and finished armament "hardware" is not impeded by reluctance of suppliers to turn away from civilian markets; the civilian markets are limited, rather than offering uncontrolled possibilities of extraordinary profits.

(c) The need for direct controls, such as allocations, priorities, rationing, is lessened, allowing more freedom to the whole population than would be possible if unlimited scare buying and hoarding were to force the Nation to impose such controls now. The savings in administrative manpower, and the savings in time of consumers and businessmen are great and important considerations when the economy is expanding to meet new demands for production.

Third. Consumer credit controls make other controls more workable. Controls such as on other lending, heavier taxes, and so on, which are intended to hold down prices as well as to aid war preparations, will be more effective when consumer demand is restricted by credit controls applied to durable and semidurable goods and to charge accounts on other merchandise.

Fourth. Consumers are protected against incurring indebtedness which would prove extremely burdensome to themselves, and are required to purchase sanely and within their resources.

The justification for controlling consumer credit is to be found in these consequences of such control.

The justification is to be found also in this fact: The credit granting possibilities of sellers and lenders are enormous, as a result of years of prosperity; no restriction on consumers could be expected to come voluntarily from sellers. The restrictions must be placed on purchasers, whose resources are limited, when the resources of lenders are so great that control over bank credit to which they might have recourse would not seriously limit their lending capacity.

Mr. Chairman, I wish to call attention to the fact that the National Retail Dry Goods Association has endorsed credit control. Here I wish to read excerpts from an article appearing in the New York Times August 4, 1940:

RETAILERS ENDORSE CONTROL OF CREDIT—NRDGA GROUP ALSO URGES STUDY OF CAR, OTHER FINANCING COMPARED WITH STORES—ALSO FAVORS ADDED CURBS—ASKS RESTRICTIONS ON PRICES, WAGES, MANPOWER, OUTPUT WHEN NECESSARY

Consumer credit controls were endorsed yesterday by the emergency government controls committee of the National Retail Dry Goods Association.

Lack of progress on a national civilian defense program was also regarded as a matter for serious alarm. Until the Government takes a firm stand, State and local efforts will be ineffectual, it was held.

Predominant among recommendations made by the committee was a request that Government agencies make another survey of outstanding consumer credit to determine percentages now extended by retail stores, compared with automobile financing, personal loans, and other forms of credit.

POSITION ON CONTROLS

The committee further recommended that price, wage, production, and manpower controls be imposed if and when necessary. The NRDGA represents about 7,500 department and specialty stores in the country.

"Under this type of regulation," the committee said, "prices would be absolutely controlled in dollars on all items that were to be kept in line at retail levels. And in instances where the price-control authority permitted increased prices at preretail levels, the individual retailer's mark-up would be consistent."

The retail group felt that present mobilization is not yet large enough to make an appreciable dent on civilian supplies. Credit controls, it was added, should be confined to installment selling, exclusive of items selling below $100, much in the same manner as provided under Regulation W.

Returning to a discussion of prices, it was recommended that they extend to all levels affecting the goods so controlled including raw materials, agricultural commodities, wages, and other costs." It was also emphasized that merchandise in lower-price ranges should be maintained.

Mr. BUCHANAN. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, those opposed to this legislation argue that there is no need for authority to curb futures speculation by means of adequate margin requirements because there was no such authority during World War II. The answer to that is perfectly obvious. Price ceilings—

rigid controls—which were in effect during the war stopped futures trading in many commodities and so reduced the volume in the others that there was no threat to our economic stability.

In proposing controls in this legislation during the present emergency, it is hoped that we may be able to avoid the far-reaching radical steps, the obnoxious steps of rationing and price ceilings. If traders are willing to accept moderate and reasonable curbs, such as this proposed margin regulation does, and nothing more than that, we may reasonably hope that in order to avoid more rigid restrictions it will not be necessary to move into that area.

I would just like to point out, without the opportunity to have a chart here, what has happened to seven commodities so far as volume of trading is concerned in the 10-year period before the war, the 4-year period during the war, the period of 4 years after the war, and the estimate for 1950 and 1951, based upon the June 1950 trading figures.

The seven commodities I have selected are: wheat, soy beans, cotton, wool tops, eggs, cottonseed oil, and lard.

Mr. RANKIN. Why did the gentleman leave out corn and put wool tops in?

Mr. BUCHANAN. I merely selected these items because of the situation in volume of futures trading in these commodities.

Mr. RANKIN. The gentleman left out corn. Outside of cotton that is the greatest commodity we produce, the most abundant.

Comparison of volume of futures trading in principal commodities before, during, and after World War II, and estimate of volume for the year 1950–51 based on actual volume in July 1950

	Before 10-year average 1932–42 (prewar)	During 4-year average 1942–46 (war)	After 4-year average 1946–50 (postwar)	Estimate for year 1950–51 (current)
Wheat, million bushels	8,162.7	2,311.0	4,202.0	6,109.2
Soybeans, million bushels	292.7	4.0	1,289.0	4,425.6
Cotton, thousand bales	52,993.0	45,018.0	84,228.0	82,296.0
Wool tops, million pounds	54.1	37.6	37.9	867.6
Eggs, car lots	43,254.0	33,794.0	102,118.0	118,908.0
Cottonseed oil, million pounds	1,939.4	13.0	2,301.8	8,350.8
Lard, million pounds	1,371.1	6.7	2,018.0	5,680.8

Mr. BUCHANAN. As far as wheat is concerned, in terms of millions of bushels, the average volume of futures trading amounted to about eight thousand million bushels. During the war that dropped to some two thousand million, and in the postwar period to four thousand million bushels, and the current period is running at about six thousand million bushels.

Soybeans is a very illustrative case. Before the war it was down around 292,700,000 bushels; during the war that dropped down to 4,000,000 bushels, and in the postwar period to about 1,289,000,000 bushels, and today about 4,425,600,000 bushels of soybeans.

Now, take eggs. The average carload lots in the period before the war amounted to 43,254 carload lots, during the war to 33,794 carload lots, in the postwar period 102,118 carload lots, and in the present period about 118,908 carload lots.

Now, what do these figures indicate? They indicate there is coming into the commodity market a new group of speculators and not the legitimate traders. But here is an opportunity, as many see it, to speculate in this period on the present margin basis, because the margin requirements average between 8 and 16 percent; in other words, for an average of about $10,000 you can buy $100,000 worth of commodities on the futures trading market. Therefore, you are inviting speculation, and those who have analyzed the futures trading on the commodity exchanges say that 90 percent of the current trading is purely speculative.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

Mr. ARENDS. Mr. Chairman, reserving the right to object, I am not going to object to this request for further time, but I am going to object to any further requests for extension of time.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BUCHANAN. As I said, 90 percent of the present trading volume has been regarded and analyzed as speculative. The Wall Street Journal takes the position that any reduction in the number of buyers and sellers will hinder the exchanges in the performance of their useful functions. Actually, in the case of some commodities, these exchanges are not now performing any useful function, as I pointed out in the case of soybeans. So far as hedging is concerned, they offer no legitimate use or value for hedging purposes, and they have made that market useless for hedging purposes.

Many traders and brokers are alarmed at the influx of new speculators into the commodity exchanges. We know what happened during the latter years of twenties, when the securities crash in 1929 was brought on purely by trading in the securities market. We know that that helped to destroy security values during the 1929–33 period. The same thing can happen here as far as speculation in the commodity exchanges is concerned. In order to try to avoid that same kind of a demise, the President has asked for powers here to control margin requirements; that is, to be able to impose certain margin requirements and to raise them as to a particular commodity that seemingly indicates a very extreme speculative position. This is very necessary to block speculation from getting out of hand.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from North Carolina.

Mr. COOLEY. Did the President have that power during World War II?

Mr. BUCHANAN. He did not. It is needed today because the nature of our economy has changed. Ten years ago the situation was different than it is today. The figures that I have outlined, for periods before the war, during the war, and after the war, show one condition, but today we have a very different type of condition in our economy.

Mr. COOLEY. The gentleman's argument is entirely in support of the peacetime exercise of this authority, just as the Secretary himself stated.

Mr. BUCHANAN. The figures I have read to this body indicate that these are normal, average transaction figures today. These are above what the normal prewar, during-the-war, and postwar period figures were. They are far in excess of what they are normally.

It is foolish to talk of voluntary control of speculation. Of course the brokers of this country feel that the more speculation we have the better, because it means increased business for them.

The powers asked for in this bill, credit controls and margin requirements on the commodity exchanges, are the two vital steps whereby we can control the present situation at the top rather than at the lower level. We want to avoid as far as possible rationing and controls at the consumer levels, because the experience we had in World War II shows that these were none too successful. Anyone who would admit that they were even 50 percent successful would be very kind. The same situation will exist again. In order to avoid that, the President is asking for the powers that he deems necessary to control the situation. This body wants to give him powers he did not ask for as far as wage and price controls and rationing are concerned.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Iowa.

Mr. JENSEN. The gentleman says it is necessary to control the commodities he has mentioned.

Mr. BUCHANAN. The margin requirements.

Mr. JENSEN. Yes. Is it not a fact that the test of the gentleman's argument is this, that none of these commodities the gentleman has mentioned has risen in price to any great degree?

Mr. BUCHANAN. The same kind of comparison will indicate that in these particular commodities there has been unwarranted price rises in the wholesale commodity markets. We know that an increase in wholesale commodity prices precedes an increase in the price of commodities on the consumer level. In between, of course, we have this question of profiteering and taking advan-

tage of the consumer. Our purpose is to protect the consumers.

Mr. JENSEN. But prices are still holding at parity, approximately.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on the Cooley amendment and all amendments thereto close in 10 minutes.

Mr. RANKIN. Mr. Chairman, I will have to object to that.

Mr. SPENCE. Mr. Chairman, I move that all debate on the Cooley amendment and all amendments thereto close in 10 minutes.

The motion was agreed to.

(By unanimous consent, the time allotted to Mr. BROWN of Georgia was granted to Mr. HAYS of Arkansas.)

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. MONRONEY].

(By unanimous consent, the time allotted to Messrs. SPENCE, PATMAN, and MULTER was given to Mr. MONRONEY.)

(Mr. MONRONEY asked and was given permission to revise and extend his remarks.)

Mr. MONRONEY. Mr. Chairman, we are going to make the Congress look a little bit funny if after having regulated every single small business in the country and all labor in the country with over-all price controls, the rigidity of which will probably have all the force and effect of the recent OPA laws, we then exempt the one thing that the country believes is the spark plug of inflation—commodity speculation. I do not think you have to be halfway smart to realize that when war is imminent you are going to find violent fluctuations in the commodity markets, and that those fluctuations inevitably are going to carry your prices to new high levels.

We are going to be able to have a roll-call vote on this amendment. If you are willing to stand up and be counted that you are for speculation in the foodstuffs of America, which is raising the cost of living to the people of this country, then you have a chance to go on record in favor of this amendment. But if you want to make the controls, if they are necessary to be applied, go clear across the board on the big people as well as on the little people, then vote to strike down this amendment.

I am surprised to see the members of the Committee on Agriculture defending speculation in commodities which is taking the prices up and up to new high levels.

I have talked to the farmers in Oklahoma. They realize that it is not the farmers who make money on this speculation, but the men who go into the market and drive these prices up.

What does this bill do? It does not do what the debate here says it will do. It merely places in the President power to regulate margins when he determines that the nature and extent of speculative trading threatens to cause unreasonable fluctuations or unwarranted changes in the price of any commodity.

Is that too much power to give the President in this emergency?

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. HOPE].

(By unanimous consent, the time allotted to Mr. COLE of Kansas, Mr. BATES of Massachusetts, and Mr. MORTON was granted to Mr. HOPE.)

Mr. HOPE. Mr. Chairman, the gentleman from Oklahoma [Mr. MONRONEY], for whom I have a high regard, has just stated that we would look foolish if we regulated other businesses and took no steps to regulate the commodity exchanges.

Of course, the gentleman from Oklahoma as well as every other Member of this House knows that the commodity exchanges are now strictly regulated by law. In 1922 Congress enacted the Grain Futures Act and in 1936 this act was amended and revised by what is known as the Commodity Exchange Act which is now in effect. Under this act which is administered by the Secretary of Agriculture through the Commodity Exchange Authority there is a very strict and effective supervision of all transactions on the commodity exchange. This act has been well administered. It has done away with abuses which prevailed in the commodity exchanges before its enactment and has made those exchanges what they were intended to be and should be, namely, an agency through which those who are engaged in the marketing and processing of agricultural commodities can effectively insure themselves against price declines and advances. The effect of this has been to stabilize commodity prices, reduce the profit margins of dealers and processors and insure producers a ready market for their products at all times. Anyone who doubts the effectiveness of the exchanges in bringing about a more effective marketing system needs only to compare our marketing methods and practices as they exist today with those which were in existence 50 or 60 years ago.

The Secretary of Agriculture has never had the authority to regulate or fix margins on the commodity exchanges. These margins, of course, are imposed for the purpose of protecting brokers and dealers on the exchange and making sure that those who make contracts of purchase or sale will carry them out. The exchanges themselves frequently regulate and change the margins from time to time based upon what may be necessary in order to fully protect those who operate on the exchanges.

From time to time the Secretary of Agriculture has suggested further amendments to the Commodity Exchange Act and has made an effort to secure authority to limit margins. Something over a year ago the Secretary of Agriculture sent to the House and Senate through official channels a bill to amend the Commodity Exchange Act, one of the provisions of which was the authority to limit margins. This bill was introduced by the gentleman from North Carolina [Mr. COOLEY], chairman of the House Committee on Agriculture. Since its introduction the committee has given this measure considerable study and discussion including visits to the commodity exchanges in New York, Chicago, Kansas City, and New Orleans. The committee at this time has not finished its study of the matter. It is still under consideration however.

The inclusion of section 411 in the Spence bill, H. R. 9176, is not justified on the basis of any need for this authority but simply represents an attempt on the part of the Secretary of Agriculture and the Commodity Exchange Authority to secure under the guise of emergency legislation authority which the Congress has not yet seen fit to give them. I am sure that whenever the Commodity Exchange Authority makes out an effective case showing the need for authority to deal with margins the Committee on Agriculture will report legislation for that purpose.

There is nothing in the situation at this time which would justify granting the authority requested. Those who favor the proposal point out that prices of some commodities which are dealt in on the exchanges have risen during the past few weeks. They point out that in some cases there has been an increase in the volume of trading. This morning the gentleman from Pennsylvania [Mr. BUCHANAN] as I understood him, divided transactions in the exchanges into three different periods: those for a period preceding World War II, those during World War II, and those since that time. He pointed out that there has been a considerable increase in the number and volume of transactions on the exchanges since the World War II period. This is to be expected because agricultural production in this country has increased by more than 35 percent since the beginning of World War II. And in order to handle this increased production, all of which has to go to market at one time or another, it is natural that there should be a substantial increase in the business of the exchanges.

For this reason the arguments advanced by the gentleman from Pennsylvania have no relevance from the standpoint of showing any need for additional powers to the commodity exchange authority at this time.

On August 3 when this matter was under consideration the gentleman from Ohio [Mr. POLK] placed in the RECORD a statement from Mr. J. M. Mehl, Administrator of the Commodity Exchange Authority. This statement was offered as showing the need for authority to limit margins, it being contended that there had been an increase in activity on the exchanges since the Korean war began and that this had resulted in increased prices. It is true that since the Korean war broke out there have been some increases in prices of the commodities which are traded upon in the exchanges. It is true also that there have been much greater increases in the prices of commodities which are not traded upon in the exchanges such as lumber and many of the metals. It is significant also that in many cases the

commodities upon which there has been the greatest increase in trading show the smallest price advances since June 24. For instance it is stated in this document that from June 26 to July 22 there was a 78-percent increase in the volume of futures trading in wheat over the preceding 4-week period. It is noteworthy however that during this time the increase in the price of wheat was only 6.6 percent.

During the same period there was an increase of 9.3 percent in the volume of futures trading in cotton on the New York Cotton Exchange and a decrease of 4.9 percent in the amount of trading on the New Orleans Exchange. During the same period however the price of cotton advanced 19.1 percent. In other words there was an increase of 19 percent in the price of cotton during the period which was accompanied by a very small increase in the volume of activity on the exchange, whereas with respect to wheat just the reverse was true.

In both cases the price changes are susceptible of explanation for entirely different reasons than trading on the exchanges. For instance, the increase in the price of cotton was due very largely, if not entirely, to the announcement that the acreage of cotton planted this year was the smallest for many years. The increase in the volume of trading on wheat was due to the fact that it is this period during and following harvest when there is usually the largest amount of trading in cash wheat due to purchases by mills and exporters. That has been particularly true this year. Naturally since all of these purchases must be hedged this rusults in an increase in the volume of trading.

If time permitted one could deal with all the commodities mentioned in this statement by Mr. Mehl and clearly show that there was little, if any, relationship between the volume of trading and the increase or decrease of market prices.

There are those who say that they recognize the value of the commodity exchanges, but they want to limit transactions to legitimate hedging. That, Mr. Chairman, is something which it is impossible to do without running the risk of seriously affecting the functioning of the exchanges. The reason for this is that legitimate hedgers must depend upon speculators if they are to hedge effectively.

Take the case of wheat. During the present marketing season millers and exporters are buying wheat. They hedge by selling wheat. But the only persons with whom they can contract are the speculators because the number of legitimate hedgers who might be hedging sales at this time of year is very small. If I as a miller buy a million bushels of wheat, then if I am to hedge that purchase by selling a million bushels, there must be a sufficient number of speculators on the market to take up my hedge at once. Otherwise I am not able to effectively insure myself against price declines.

There is no man in this country who is smart enough to know what the effect of increasing margins will be on the commodity exchanges. There is no one who is smart enough to know just what volume of trade should be allowed to insure the effectiveness of the exchanges as an agency to insure prices. I have great respect for the Secretary of Agriculture and for the Administrator of the Commodity Exchange Authority. But I question their ability to exercise the authority which is being asked in this legislation without seriously impairing the functioning of the exchanges.

The exchanges should be regulated so as to prevent manipulation of prices and other abuses which prevailed in the past. They are now being effectively regulated under existing law. I do not say that the law is perfect or that it should not be amended upon further consideration. But I do say that no case has been made out at this time for giving the President, and through him the Secretary of Agriculture and the Administrator of the Commodity Exchange Authority, this great power. Mr. Chairman, I hope the amendment will prevail.

[Mr. WHITE of California addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The time of the gentleman from California has expired.

The Chair recognizes the gentleman from Wisconsin [Mr. BIEMILLER].

(Mr. BIEMILLER asked and was given permission to revise and extend his remarks.)

Mr. BIEMILLER. Mr. Chairman, if prices are our worry, and all of you know as well as I do that they are, let us recognize that they can be kept from skyrocketing only by taking some of the powder out of the fuse. The way to do that is to give the President the power to control the margins of the profiteering speculators, who are forcing up prices.

The section under discussion sets up very explicit Presidential powers and I see nothing in them to evoke any false alarms. Let me quote:

> Whenever the President determines that the nature or extent of speculative trading on boards of trade causes or threatens to cause sudden or unreasonable fluctuations or unwarranted changes in the price of any commodity, he may prescribe rules and regulations governing the margin to be required.

It is as simple and as direct as that.

Price inflation has already begun, begun under the impact of a horde of shoestring operators entering a market with the smallest of margins and perverting its purpose from ordinary free exchange of goods to the wildest kind of speculation.

In a check by the Department of Agriculture on July 21, 90 to 95 percent of all trading done on commodity exchanges was speculation. Of all the soy beans traded on that day, 96 percent of purchases were on speculation and 90 percent of the sales on speculation. You can see how little regular exchange of goods was done that day.

And why this flood of speculation. Because you can trade in soybeans on just 6 percent of margin under the present regulations of the Chicago Board of Trade. Penny-ante profiteers who never touched the soybean trade in their lives before are risking their pennies to make dollars in the soybean market—and eventually from the pockets of consumers. Unless we leave intact this commodity-control provision, the public will soon get added evidence of the price boosts forced by these profiteers in the necessities of life.

Now the soybean market is not a great exception, it is simply a notable example of what is taking place in the other commodity markets without the restraining influence of controls. Wheat, as basic a commodity as our economy knows, was also checked on July 21. Its volume of trading was 9,000,000 bushels in 1 day—no one could call that ordinary free exchange of wheat. The Department of Agriculture breakdown revealed that more than 80 percent of both sales and purchases were for purely speculative purposes.

What do some of the well-established traders think of this situation? They think present margins are inadequate. Many of them ignore the minimum margins of 6 to 15 percent on commodities as being unwise and encouraging speculation. They demand—and get—20 to 25 percent margins, to protect themselves and the public. Yes; and ultimately the speculators themselves.

Let us remember this: Today there is no Government regulation of gambling on the commodity exchanges. We are asking to have Government regulation imposed so the President may have that power.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

The Chair recognizes the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Chairman, the impassioned statement made by my colleague from Wisconsin [Mr. BIEMILLER] shows that he does not know anything about the commodity market or the merchandising of farm products.

The commodity futures market is a public market regulated by the Commodity Exchange Authority, which is an agency within the Department of Agriculture. This agency, under complete jurisdiction of the Secretary of Agriculture, has full authority to police every transaction and every trade in commodity future contracts. The Secretary also has the authority to examine every account involving future trading in commodities. If excessive speculation takes place, the Secretary, through the CEA can do something about it, if he so desires. The gentleman from Wisconsin, who claims to be well posted on every subject, should find out as to the workings of the Department of Agriculture.

If the Committee follows the advice of the gentleman from Wisconsin [Mr. BIEMILLER] and the gentleman from Oklahoma [Mr. MONRONEY] the control over commodity exchanges will be turned over to the large speculators of the country, and they will dominate, at their pleasure, the prices that farmers

will receive for their products. I know something about the magnitude of the operations of the big speculators from the investigation that was conducted by a select committee in the Eightieth Congress. Believe me, the big boys, and the amount of the margins make no difference to them, are out to make money—from either the long or short side. With their large holdings, they drive the market up or down to suit their fancy, and the farmers and the public are left holding the bag. I regret that time will not permit me to go into greater detail on this issue.

At some time in the future, I will fully discuss the legitimate use of the commodity market for insurance or hedging purposes. The Committee on Agriculture of the House has jurisdiction over legislation involving commodity markets. This committee, with its broad marketing experience should pass on the question of margins and speculative trading, instead of disposing of the matter in a few minutes time in the bill before the House. The Cooley amendment should be adopted, and I urge my colleagues to vote for it.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] has expired.

The Chair recognizes the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, I merely rise to support the amendment offered by the gentleman from North Carolina [Mr. COOLEY].

The exchanges are the one assurance the farmer has that he will be able to get information at all times as to the prices of his crops.

In 1927 I investigated the cotton exchange for the Senate committee. They swore me in as a member to cross-examine the head of a certain big cotton concern whose offense was not speculation. It was manipulation. The amendment offered by the gentleman from North Carolina [Mr. COOLEY] should be adopted for the protection of the American farmer, who produces the materials that are bought and sold on the exchange.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

(Mr. RANKIN asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from Georgia [Mr. DAVIS] is recognized for one-half minute.

(Mr. DAVIS of Georgia asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Georgia. Mr. Chairman, I think it is a matter of much regret that on account of debate being limited, Members of this House must run through the well of this house in 30 seconds like a cow being run through a dipping vat. In this limited time I can only say that I voted for the amendment offered by the gentleman from North Carolina last week, and I shall vote for it again today.

The CHAIRMAN. The gentleman from Arkansas [Mr. HAYS] is recognized.

Mr. HAYS of Arkansas. Mr. Chairman, I was brought up to fear certain commodity exchange practices, but largely because the effect of the practices was to depress prices. In this instance I am convinced that we are in danger of oversimplifying the problem. It is not an inflation influence requiring treatment in this bill. The Secretary of Agriculture has all the powers he needs to deal with such influences; he has the huge supply of cotton and other commodities in storage that may be sold and he has other powers that may be used.

There is, however, a policing element in the situation; and for the same reason that I voted against the motion to include an excess profits tax which I favor I shall vote for the motion of the gentleman from North Carolina [Mr. COOLEY], in this instance. It does not belong in this bill. We cannot tie all reforms up in one package. If there are immoral, and undesirable practices, gambling if you please, let those matters be considered appropriately in separate bills. Let us not do it by a bungling effort of this type—giving the executive powers that might be the basis for upsetting the most delicate mechanism in our whole economy.

The CHAIRMAN. The time of the gentleman from Arkansas has expired; all time has expired.

The question is on the amendment offered by the gentleman from North Carolina [Mr. COOLEY].

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 140, noes 103.

So the amendment was agreed to.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 47, line 24, add a new subsection as follows:

"(c) The term 'national defense' means the operations and activities of the Armed Forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended."

Mr. WOLCOTT. Mr. Chairman, my amendment speaks for itself and would apply the same definition of "national defense" to all of the provisions of the act as is applied to the committee amendment which was adopted yesterday, known as Committee Print No. 2, having to do with prices and wages. Of course, it is the consistent thing to do.

If you have Committee Print No. 2 before you, you will find the language on page 21 which was adopted with that amendment as the definition of "national defense" wherever it appeared in that committee print which, as I say, had to do with the control of prices and wages.

The Senate Banking and Currency Committee when it reported out its bill day before yesterday included this language and the language which was put in the House Banking and Currency Committee Print No. 2 was the language adopted by the Banking and Currency Committee of the Senate.

It would seem to me, just to be consistent, we should define "national defense wherever it appears in the act as we have defined it in respect to control of prices, salaries, and wages. Yesterday in the Committee on Banking and Currency when the amendment was offered, we were in somewhat of a hurry to get back over here on the floor. It was one of those occasions when everything was being knocked down in the interests of time and not in the interests of good legislation or clarity in respect to intent. If we do not adopt this amendment, it seems to me, Mr. Chairman, that we will have created a situation where the intent of Congress in respect to the term "national defense" wherever it appears other than in the title having to do with wages, salaries, and prices might be given a different interpretation.

Now, it is not the intent of Congress or it should not be the intent of Congress that the term "national defense" would mean anything different in one section of the bill than it does in the other sections of the bill. It seems to me that by defining "national defense" as it applies generally to the bill, we remove any question of doubt; that we want the bill to be confined to the defense effort. And, it surely is in the interest of clear thinking and a clear expression of legislative intent if the amendment is adopted. I call attention again to the fact that it was written into the bill yesterday, which we adopted, and although it might seem redundant to do it again, the amendment which is offered on page 47 of the bill would apply to the whole bill and not only to the title on wages and prices alone.

Mr. Chairman, I hope that the Committee will adopt the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr WOLCOTT].

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 96, noes 89.

Mr. SPENCE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WOLCOTT and Mr. PATMAN.

The Committee again divided, and the tellers reported that there were—ayes 133, noes 139.

So the amendment was rejected.

Mr. MULTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MULTER: On page 52, line 12, after the words "omission to act", insert "pursuant to this act."

On line 20, after the word "general", add the words "and the Chairman of the Federal Trade Commission."

On page 53, line 2, after the word "general", add the words "and the Chairman of the Federal Trade Commission."

On line 3, after the word "thereunder", strike out the period and add the following: "and that if any objection is made by the Attorney General or by the Chairman of the Federal Trade Commission within that period, the President or such person as he may designate shall approve or disapprove the request."

On page 53, after line 7, add a new subsection as follows:

"(d) the Attorney General is directed to make or request the Federal Trade Commission to make for him surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or

otherwise promote undue concentration of economic power in the course of the administration of this act. The Attorney General shall submit to the Congress and to the President within 90 days after the approval of this act and at such times thereafter as he deems desirable reports setting forth the results of such surveys and including such recommendations as he may deem desirable."

Mr. PATMAN. Mr. Chairman, I am authorized to state for the committee that we accept the amendment. It is an identical amendment to one which was adopted by the Committee previously.

Mr. WOLCOTT. Mr. Chairman, I move to strike out the last word.

As I understand it, this is substantially if not identically the amendment which was offered successfully by the gentleman from New York [Mr. CELLER] last week.

Mr. MULTER. It contains the identical language of that amendment, and it is the same amendment which was discussed in committee and which the committee said it would accept. It is identical to the amendment offered by the gentleman from New York [Mr. CELLER] last week which was adopted.

Mr. WOLCOTT. Mr. Chairman, we have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. MULTER].

The amendment was agreed to.

Mr. HAYS of Arkansas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HAYS of Arkansas: On page 49, line 5, substitute a comma for the period and add the following: "and it is assured that no adequate and authoritative data are available from any Federal or other responsible agency."

Mr. HAYS of Arkansas. Mr. Chairman, the purpose of this amendment is to make it clear that in conferring authority upon the President to subpena papers or to secure documents and records, he shall not proceed if there is any existing available data in Federal agencies.

I have taken this up with both sides of the aisle, and I believe it will be found acceptable.

Mr. SPENCE. Mr. Chairman, I think I can say that we on this side of the committee have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas [Mr. HAYS].

The amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 38, line 2, after the words "real estate", insert the word "construction."

On page 38, line 22, after the words "real estate", insert the word "construction."

On page 39, line 3, after the word "any", insert "consumer or real estate construction."

On page 39, line 5, after the word "any", insert "such"; on line 8, after the word "any", insert "such"; on line 11, after the word "any", insert "such";

On page 41, line 23, strike out all of paragraph (2) and insert in lieu thereof the following:

"(1) 'Real estate construction credit' means any credit, hereafter extended, which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, new construction on real property or real property on which there is new construction. As used in this paragraph the term 'new construction' means any structure, or any major addition or major improvement to a structure, which has not been begun before 12 o'clock meridian August 3, 1950. As used in this paragraph the term 'real property' includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term 'real estate construction credit' shall not include any loan or loans made, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended."

The CHAIRMAN. The gentleman from Michigan is recognized in support of his amendment.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. BROWN of Georgia. It is my understanding the gentleman's amendment restricts this section to new construction.

Mr. WOLCOTT. That is right. It is along the line that we talked the other day. The language on page 39 in subsection (b) of this amendment would confine the sanctions of the bill to consumer or real-estate construction credit. Then, the other amendments on that page are to tie it in with it and confine it to that kind of credit. The principal difference is we substitute the language that the Senate agreed on in committee, for the definition of real-estate credit on page 44 of the House amendment.

This will accomplish this purpose: It will assure control of real-estate credit on new construction. I might say very definitely to those who might subsequently charge that this is the real-estate lobby amendment that the real-estate lobby offered amendments, and this is not one of them. I will say that what we do under this language is to control real-estate credit in the same manner as we control consumer credit. The President at the present time, as head of the executive department, has authority to curtail the flow of real-estate credit for all purposes. As recently as 3 months ago the interest rates on real-estate loans guaranteed by the FHA were reduced from 4½ to 4¼ percent. It seems to me that before we give anyone of the authority to stop FHA insurance and Veterans' Administration home construction insurance altogether, we should at least encourage the use of the powers which are already in those acts to curtail construction under them.

It seems to me that before we give anyone the authority to destroy the programs which have been set up that they use the authority they now have to cut down on credit, to slow down construction if it is necessary in the interest of national defense.

Under the language of the bill as it was reported out, language for which this amendment is a substitute, the President would be given control over all real-estate operations in which a veteran has his loan insured; and I daresay, without fear of successful contradiction, that perhaps 90 percent of the homes which are being built for and purchased by veterans today are built under the veterans' bill-of-rights program, and I do not think it should be disturbed; I do not think it should be disturbed at least to the extent of granting anyone the authority to completely negative that program. Veteran's organizations have undoubtedly contacted you as they have me and have expressed the fear of what might happen to the veterans' home-building program if this is not done.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the real-estate lobby has been working furiously for weeks, and especially the last few days, for this type of amendment. I do not say that it is the amendment, I certainly would not impugn the motives of my good friend from Michigan, but it is this type of amendment that they have been working furiously for, for weeks, and especially the last few days.

This exempts the big man; this is the big man's amendment. Why should we impose controls on everybody and destroy character as collateral in buying a second-hand car or a new car and yet exempt the big fellow, the real-estate lobby? It certainly does not make sense to me. A vote for this amendment is a vote for increased rents; how much, I do not know, 25 percent, perhaps 50 percent, in some cases maybe 100 percent.

When you come to restrict credit only on new construction which will probably be half a million houses during the next year, if you restrict new construction you immediately and automatically increase the price of existing construction, 30,000,000 homes, whenever you increase the price of existing construction you increase the price of rents. This is not new; during the Second World War we first had controls on new automobiles and it did not apply to old automobiles, on the same theory that the gentleman from Michigan is advocating for this amendment, that in new cars there is only new material; in new houses there is only new materials; why make it apply to existing houses and not existing cars? So we exempted the old cars at first and we had the situation where the old cars were bringing several hundred dollars more than the new cars, and we had to change that. This will take the heart out of this bill; it will be in favor of the big man and against the interests of the little man. If we were to adopt this amendment, in order to be consistent we ought to go back and say that it applies only to new cars, does not apply to old cars; that would follow, of course. Cars are bought by little fellows as well as big ones; there is where your character comes in as good collateral. This bill destroys character as collateral in the interest of the war effort and we

submit to it. Sometimes it is necessary for a person to own an automobile in order to have a job.

He cannot have a job unless he has a car. If he goes to a dealer, after this bill becomes law and regulation W is reestablished the dealer will say: "You will have to put up 33⅓ percent in cash." The poor man who has character says, "My credit has always been good. I have always paid my debts, I have never defaulted on a debt. I want to buy that car. I need it to get this job."

The dealer would have to say: "No; you cannot do that. Character is no longer good collateral in this country. You have got to put the actual money on the barrel head."

Now, we are requiring that man to do that in this bill, yet we come in here and exempt the big fellows, the big men, the fellows who will profit by this. It just does not make sense, and I hope that the amendment is overwhelmingly defeated.

Mr. BATES of Massachusetts. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, may I direct an inquiry to the gentleman from Pennsylvania [Mr. BUCHANAN]. I have a telegram here from the Gloucester Fishing Vessel Owners' Association which states in part:

If there is to be a certain base period we wish to call to your attention the fact that there was a sea-food workers' strike in Gloucester this year during May, June, and part of July, and as a result the ex-vessel price of fish was considerably lower than normal. Very important that the base period be set at the price either before or after the strike. Please cooperate to take care of this situation because a May, June, or July base period would be ruinous.

During that period, Mr. Chairman, obviously with the fishing industry tied up by this sea-food strike, much of the fish was wasted and there was a depressed price for that which was sold.

I note in committee print No. 2, page 5, lines 18 to 24, it is stated in reference to the establishment of prices:

or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which they are generally representative.

Under these conditions are there adequate provisions to protect these fishermen and to give them an equitable price?

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield to the gentleman from Pennsylvania.

Mr. BUCHANAN. I may say in reply to the gentleman that the language in committee print No. 2, page 5, beginning line 18, so far as the base period is concerned, provides for just such a situation as the gentleman has described in that telegram. The language is as follows:

or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative.

So I believe the part of the section there reading "or other cause" would adequately take care of the situation the gentleman has presented.

Mr. BATES of Massachusetts. I thank the gentleman very much for the clarification.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. BATES of Massachusetts. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I am wondering if a strike produces depressed prices or a scarcity. I come from New England also. I am wondering if our consumers and home owners, the wife who went out and bought fish, does pay a lower price than she would have to pay if a strike had been in progress, not a strike but if the disagreement had not been in progress.

Mr. BATES of Massachusetts. May I say to the distinguished majority leader that I am referring to the boat owners. They received an extremely low price. There were few cutters to cut the fish, and much of the fish was rotting on the boats, and as a result they did not get an adequate price. The consumers throughout the country, I have no doubt, probably had to pay high prices.

Mr. MONRONEY. Mr. Chairman, I move to strike out the last word.

(Mr. MONRONEY asked and was given permission to revise and extend his remarks.)

Mr. MONRONEY. Mr. Chairman, this is another move to make this bill just as lopsided as is possible to make it, make it lopsided in complete and total exemption, as far as the Congress can vote, in favor of those who control the credit facilities and, therefore, have unlimited freedom to expand those credit facilities and create inflation. You have exempted commodity speculation and now you want to exempt real estate from any kind of reasonable credit control which the President, through his agencies, might find necessary to put on to stop run-away real-estate speculation. It is no secret that a real-estate speculative market has a tremendous part in creating inflation.

The gentleman from Michigan has apparently determined that credit controls on new construction are all right. Well, if credit controls on new construction are all right for the man who does not have a home, does it not follow that the man who has a home or the real-estate developer that has 100 homes already built should be under the same kind of credit restrictions?

Can you say that a house that has been standing for 6 months or a year or 2 or 3 years is not in competition with new housing?

You know that the price of old housing will skyrocket. If you can sell that old house on down payments of 5 percent or 10 percent, it is going to skyrocket, if a man has to pay 30 percent or 40 percent down to buy a new house.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. This section does not attempt to control the price you can get.

Mr. MONRONEY. I know.

Mr. BROWN of Georgia. It only controls the down payment.

Mr. MONRONEY. I agree with the gentleman.

Mr. BROWN of Georgia. Does the gentleman think that a man who owned a home for 40 years should have the Government of this country say on what terms he should sell it?

Mr. MONRONEY. That is the point I was trying to make, that we have not and probably will not attempt any ceilings on the price of real estate. But, we do know that uncontrolled credit terms on real estate has a speculative influence that can carry the price of existing housing upward. If you try to hold down the construction of new homes by credit controls, which the gentleman from Michigan agrees to, then what is going to happen to your old homes? Exactly what happens when you try to hold down the terms on new cars and leave used cars uncontrolled on the credit side, because credit has as much to do with selling real estate or cars or appliances as the price itself.

I think we would be making the worst possible mistake to say that a house 1 year old can be sold for as low as 5 percent down, while a brand-new house has got to carry 30 percent or 20 percent down payment. You are going to get a lopsided bill, you are going to encourage skyrocketing of the prices on old housing. You are going to take out of the rental supply the old housing that exists, because if we have to have rent controls, then the price of this old housing will skyrocket, and if it can be sold for nothing down or 5 percent down, you know that the price of such housing is going up.

So it is going to disappear from the rental market, and go into that area of skyrocketing prices.

Nobody will intend to propose a ceiling on real estate prices. But, credit controls to me are just as important on used real estate as they are on new real estate. If credit control is sound to put on the little man needing a car, driving to a defense plant, to put it on his electric refrigerator or anything else, then I certainly do not think it is any violation of sound policy to make it apply to new and used real estate as well.

Mr. GUILL. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Texas.

Mr. GUILL. Does the gentleman realize who controls the credit on the sale of a house?

Mr. MONRONEY. Certainly. There is no credit control at the present time.

Mr. GUILL. Yes; there is, sir. I want to explain this, that the lending agency will evaluate that housing; they are going to lend only so much that will assure them a return of the money. That will also control the price of it, sir.

Mr. MONRONEY. The gentleman is wrong, because the minute you have rigid credit controls on new housing you have inflation in the old housing, and then you will have an inflated evaluation. Loans will be based on this inflated value. It happened the last time; it will happen this time.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Pennsylvania.

Mr. BUCHANAN. If this amendment is adopted, will rents not increase?

Mr. MONRONEY. Indeed, it will increase the demand for rental controls immediately if this amendment is adopted. This amendment will encourage the elimination of the rental housing supply because it would permit unsound credit extension for the sale of any used house.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. DAVIS].

(Mr. REDDEN asked and was given permission to yield the time allotted to him to Mr. DAVIS of Georgia.)

(Mr. DAVIS of Georgia asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Georgia. Mr. Chairman, the provision here to which this amendment relates came before this House originally as part of the original committee bill, which provided only for allocations and priorities for the purpose of enabling the President to channel strategic materials into the war effort. We all remember that there was no provision in the original committee bill which dealt with price control or wage control. Price ceilings and wage control came in after the committee bill came to the floor of the House. Now the opponents of this amendment today are arguing on the theory that this real-estate credit is a part of the price-control angle of this bill, which it is not. It did not come in as a part of that feature of the bill at all. It came in as a part of the priorities and allocations bill.

Mr. Chairman, I am in favor of amending the present control provisions of this bill to eliminate the control of real-estate credit except new construction credit. If I should want to sell my house, I want to be able to do so without having to let some carpetbagging bureaucrat set the price. If I should want to buy another house, I want to be able to buy it without letting some carpetbagging bureaucrat set the price.

You give them authority in this bill to control all real-estate credit, and they will use this power to set the price and you will not be able to buy or sell unless you get an O. K. on the price as well as the terms. That is what can be done under this bill, if it is enacted without this amendment.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield.

Mr. BROWN of Georgia. How in the world can they change the terms relating to all the buildings that have been constructed under the FHA law? You cannot afford to do that. And you cannot afford to do another thing. We already have a law setting up how much the down payment shall be under FHA loans. It looks to me as if this bill would disturb all that central field of housing, unless this amendment passes.

Mr. DAVIS of Georgia. The gentleman has correctly stated the situation.

Mr. REDDEN. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield to the gentleman from North Carolina.

Mr. REDDEN. It has been argued here that it is not necessary to control in the price of real estate the terms under which it is sold. I assume, therefore, that the theory is that the terms might be too liberal and, therefore, permit the little man to buy too many pieces of property. Those who cry out to help the little man would in the same breath curb his ability to buy if they refuse to vote for this amendment, by saying to him, "We are going to require you to pay a given amount down," which would in most instances be more than he could pay. So I hope that this amendment is adopted.

Mr. DAVIS of Georgia. I thank the gentleman.

I am in favor of amending the credit-control provisions of this bill to eliminate control of real-estate credit except new construction credit.

As I have already said, if I should want to sell my house, I want to be able to do so without having to let some carpetbagging bureaucrat set the price. If I should want to buy another house, I want to be able to buy it without some carpetbagging bureaucrat fixing the price. Under the bill as it stands, without an amendment, this could happen. If we adopt a bill without such an amendment, I believe it will happen.

I therefore favor this amendment.

So far as price and wage control is concerned, the need of the country at the moment is for immediate relief from the price jumps which have occurred since June 25.

Section 2 of this bill does not provide that relief.

There is no need for complicated, bunglesome machinery which cannot be set up in less than 6 months, although some of the sponsors of section 2 of this bill claim that that is the minimum time which is needed to roll back prices that set up price-control machinery.

In my opinion that is bunk, pure and simple.

I had thought that when the Banking and Currency Committee went back into session over the week end, they would bring out a bill which would meet the needs of the day regarding price increases.

The bill which they have brought out, and which is now before us, does not give a particle of relief from the 30 cents a pound increase in the price of pork chops, the 21 cents a pound increase in the price of steak, the 30 cents per pound increase in the price of lamb chops, the 16 cents per pound increase in the price of coffee, the 10 cents per pound increase in the price of lard, the 24 cents per pound increase in price of chickens, and so on down the line.

Instead of giving practical and quick relief from unwarranted price increases, section II of this bill, which is the section dealing with prices, is a bunglesome effort to straddle the fence and does nothing to give relief to those who are being pinched by these unjustifiable price jumps.

This section II is just the beginning of another bureaucrat's paradise. The best provision in it is that which says that it expires on June 30, 1951. By that time I believe it will be obvious to everybody that this section II is just a fence-straddling, political hoax.

I believe that section I of this bill giving authority for allocations and priorities is needed to aid the war effort mobilization. Likewise, section IV, providing for control of credit is needed, with certain amendments, one of them being the real-estate amendment to which I have already referred.

If this monstrosity contained in section II were not attached to these sections which are needed to effect a quick, all-out, mobilization of materials for the war effort, and if it did not carry an automatic expiration date, I would not support the bill, at all.

The legislation on price and wage control which I have supported, and which I believe we should adopt, needs only four simple provisions:

First. A roll-back to June 25.

Second. A mandatory roll-back, with Congress assuming responsibility for it.

Third. Price and wage control tied together, to begin at the same time, and to be removed at the same time.

Fourth. An automatic expiration date on June 30, 1951.

The time has arrived for adoption of these provisions, and they are what we ought to adopt. If they are not needed now, then there is no excuse for a price- and wage-control law at all at this time.

With Congress in session, as we now are, and as we should continue to be, so long as the present war situation exists, there is no reason for us to enact a discretionary, stand-by, price-control law, passing the buck to the President, and requiring him to decide when price controls are necessary.

I say the decision is ours. We ought to make it, and we ought to make it now. It is our responsibility and we ought to accept it.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MULTER].

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. McCORMACK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McCORMACK. Mr. Chairman, in view of the fact that the other gentlemen recognized by the Chair were recognized for 2 minutes, should not the gentleman from New York be also recognized for 2 minutes, under the allotment of time?

The CHAIRMAN. The other gentlemen had longer time because time was yielded to them by others.

Mr. McCORMACK. Mr. Chairman, if my recollection is correct, the Chairman originally recognized the other gentlemen for 2 minutes.

The CHAIRMAN. If that is the case, the Chair will be glad to recognize all gentlemen for 2 minutes, under the present limitation of time.

Without objection, it is so ordered.

There was no objection.

(Mr. BUCHANAN, by unanimous consent, yielded his time to Mr. MULTER.)

Mr. MULTER. Mr. Chairman, let us try to understand this real-estate credit provision for what it is. Let us understand, to begin with, that the present general monetary controls exercised by the Federal Reserve System are wholly inadequate to prevent excessive expansion of mortgage credit. Such existing general credit controls affect only the Federal Reserve member banks, and those banks hold less than 20 percent of the mortgage debt of the country. The other 80 percent of the mortgage debt is controlled by private institutions and private lenders. They are not controlled at all by the Federal Reserve System or by any law now in effect. The provisions of law applying to insured or guaranteed mortgages now being made by the Veterans' Administration and by the FHA apply to only 40 percent of the new building or new construction in the country. The other 60 percent is outside of those regulations. Unless you keep in this bill this real-estate-mortgage credit control, as reported by your committee, the market is going to run wild. In all fairness, you must not apply controls only to new construction and not apply them to existing buildings. Note that I do not say existing mortgages. There is nothing in this bill which is going to change the terms or the interest or the amortization payments of existing mortgages whether they be made by veterans or anybody else. This is to apply to new credit on real estate. There is nothing in this bill which says that you cannot buy a house for a thousand dollars or for $10,000. But it will apply to the amount of credit that you can get on your real-estate purchase or give on your real-estate sale. It will apply to the private lenders and to the insured lenders alike. There will be no discrimination between them.

In that manner you will be able to control the situation and not let it run away with itself.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. BROWN of Georgia. It is my understanding that the other body after a long period of hearings adopted the exact amendment now being proposed by the gentleman from Michigan; is that correct?

Mr. MULTER. Our committee considered this very provision as it is written into our committee print just as fully and deliberately as the other body's committee did. We had the same influences and pressures brought to bear upon us. We decided in our committee that the bill should be reported as we did report it, rather than in the form that the committee of the other body reported it.

Mr. BROWN of Georgia. I am not complaining about the hearings, but the other body had 10 days of hearings, and we had only 3.

Mr. MULTER. The important point is that the provision as reported in our committee bill is what the President asked for and what the Federal Reserve Board says is necessary now.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. COLE].

Mr. COLE of Kansas. Mr. Chairman, there has been a great deal of confusion this morning about whether or not this amendment has anything to do with the price of houses. This amendment has nothing to do with price control. It has nothing to do with the price of old houses or the price of new houses.

I want to comment on the statement of the gentleman from New York [Mr. MULTER] with respect to the fact that private housing credit is used more extensively than Government housing credit. That this fact, therefore, was an argument against this amendment. This amendment has nothing to do with private credit or public credit. This amendment simply provides there shall be control only on such credit as is extended for the construction of new houses. That is both public and private. It has nothing whatsoever to do with whether or not we shall extend control to private or public credit.

In addition, if this amendment is not adopted, GI's now having loans on houses and new construction may possibly find that they cannot obtain housing except and unless they have 100 percent down payment. They may also be required to limit their payments to 10 years or 5 years under this particular law.

Mr. MORTON. Mr. Chairman, will the gentleman yield.

Mr. COLE of Kansas. I yield.

Mr. MORTON. Is it not true that unless this amendment is adopted, the only person who could buy a house is a person with a substantial bank balance?

Mr. COLE of Kansas. There is no question about it. As a matter of fact, without this amendment the small man will not have an opportunity to buy a house. This protects the home owner. This protects the little fellow. This protects the man who owns his place. This protects you and I when we want to sell our individual homes. It has nothing whatsoever to do with the big operators throughout the country.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

The gentleman from Massachusetts [Mr. FURCOLO] is recognized.

Mr. FURCOLO. Mr. Chairman, I did not intend to get recognition on this particular question.

Since I have been recognized, I might say I would like to have recognition on my amendment as soon as I may have it.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. BIEMILLER]

(Mr. BIEMILLER asked and was given permission to revise and extend his remarks.)

Mr. BIEMILLER. Mr. Chairman, a little while ago the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] in commenting on some remarks of mine to the effect that the Government had no direct regulation over commodity exchanges, implied that I did not know what I was talking about.

Now, let us get the record straight. At that time we were discussing the question of margins on commodity exchanges. Everyone knew that was what we were talking about. I now want to repeat that there is no Government control or regulation over margins on commodity exchanges.

I want to further add that there is no Government regulation or control over speculation on commodity exchanges. There is nominal control over manipulation, or just plain cheating on commodity exchanges. I say "nominal" because no government official or agency can issue cease and desist orders in such cases. Even after a formal hearing, any appeal that is taken to the courts allows that manipulation to continue for years, if the parties involved can drag it out in the courts. That is the record.

The gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] also saw fit to comment on the speech of the distinguished gentleman from Oklahoma [Mr. MONRONEY], he implied the gentleman was simply repeating a campaign speech on the floor of this House. I do not know whether that is true or not. If it is, however, I should like to observe it was evidently a very successful campaign speech, since twice the gentleman from Oklahoma has won spirited campaigns in Oklahoma in recent weeks; and I would like to suggest to the Members of this House that if that is a campaign speech, so be it. I am for it.

The people who liked what the gentleman from Oklahoma had to say on the subject of speculation in basic commodities are typical of the people who will watch to see what the House does today in this vital matter. It is my judgment that those people do not care for either speculators or profiteers and will have little affection for those who would protect them. I welcome the roll call on this issue which the gentleman from Oklahoma predicts will take place.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

The gentleman from Michigan [Mr. WOLCOTT] is recognized.

Mr. WOLCOTT. Mr. Chairman, I simply want to call attention to the fact, as did the gentleman from Kansas [Mr. COLE], that there is no price control in this amendment. It has been argued that rents will go up if this amendment is adopted. Let me call attention to the fact that all we seek to do is to prevent the manipulation of present contracts, under which the purchase of homes is being financed, to prevent anyone from increasing the monthly payment that the GI or anyone has to make in respect to an existing contract for the purchase of a home. Unless this is adopted you might develop a situation where, because of the increase in the amount of the payments under the amortization, and the reduction in the period of amortization on rental properties, you might force, because of the increase in monthly operation cost incident to the increase of the payment, a situation where rents would have to be

increased to cover them. That is what we are seeking to avoid. All we are seeking to do is to leave existing contracts alone, and authorize them to control credit incident to future construction.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. JENSEN. Is it not a fact that if this amendment is not adopted, thousands of veterans who are this very minute about to build a home under a VA loan will be defeated in possibly ever owning a home?

Mr. WOLCOTT. Yes; and I might say that the program which has already been launched has caused a lot of cutbacks in home construction, and we have been hearing about it.

The CHAIRMAN. The gentleman from Kentucky [Mr. SPENCE] is recognized.

Mr. SPENCE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, of course there is no price ceiling on the sale of real estate, but credit largely controls the price of houses. There are practically 30,000,000 old houses in the United States. Place controls on new construction and no controls on old construction and it is obvious that old construction is put in a preferential class and there will be a spiraling of prices on old construction as compared with new, just as there was a spiraling of prices on old cars as compared with new cars. I remember when controls were on on new automobiles and no controls on the price of old cars a dealer would see that any new car he sold had been used a few miles so that he could claim it was an old car and get perhaps one-third more for it.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield for a question at that point?

Mr. SPENCE. I yield.

Mr. HOLIFIELD. Is it not true that at the bottom of page 43 yesterday we adopted an amendment which directed the President to preserve all of the credit preferences which the GI's were entitled to under the Veterans' Readjustment Act?

Mr. SPENCE. That is true.

Mr. HOLIFIELD. Therefore the veteran is not concerned in that.

Mr. SPENCE. That is entirely true. Furthermore, it does not affect the existing contracts about which the gentleman talks; they are not affected; it is only as to future contracts. If you adopt this amendment you are going to see a spiraling of prices on old houses that is going to prevent our citizens, including the veterans, from being able to purchase them.

I ask that the amendment be voted down.

The CHAIRMAN. The time of the gentleman from Kentucky has expired; all time has expired.

The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 119, noes 102.

Mr. SPENCE. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. PATMAN and Mr. WOLCOTT.

The Committee again divided; and the tellers reported that there were—ayes 153, noes 147.

So the amendment was agreed to.

Mr. JAVITS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JAVITS: On page 48, line 2, after the word "Government", insert a comma and add the words "including any new agency or agencies, which are hereby authorized to be created by the President when deemed necessary."

On page 48, line 4, after the period insert "The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix the compensation therefor, without regard to the Classification Act of 1949, as amended, at rates comparable to the compensation paid to heads and assistant heads of independent agencies of the Government. Attorneys appointed under this section may appear for and represent the agency in any case in any court."

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Kentucky.

Mr. SPENCE. This merely inserts something that was left out by inadvertence in the original bill, and the committee, I know, will be glad to accept the amendment.

Mr. JAVITS. Mr. Chairman, I would just like to say one word about this before the vote, because I think it is important that we recognize the principle involved. The principle involved which the committee is accepting, and which I think we must all understand and accept, is that this is an unusual situation which requires special agencies in the shape of a mobilization planning board like the War Production Board during World War II, in order to marshal America's best brains for the mobilization effort we face today and to carry out such powers under this bill as are utilized.

I point out to the House that the National Securities Resources Board, which is now handling the mobilization effort, is essentially an advisory or staff agency, I have no doubt that the Honorable Stuart Symington would certainly be considered one of those eligible to head up a mobilization effort in a special agency. And I would also add that Charles E. Wilson, head of General Electric, should be considered as well and that he might well be drafted to do this job. He was vice chairman of the War Production Board and did a distinguished job there. I call the attention of the House to one key point that America must have at this hour, and that is reflected in General Electric's announcement—and Mr. Wilson is the president of General Electric—that it is ready to double its World War II output.

I say to my colleagues that the way we will win on the peace front is with economic power, and if necessary, with military power, and the best chance we have to avoid a serious war danger, is by that kind of genius from American industry—workers and management alike—and that kind of effort.

[Mr. RANKIN addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. JACOBS asked and was given permission to extend his remarks at this point.)

Mr. JACOBS. Mr. Chairman, we have adopted several amendments in Committee. There was, of course, no record vote.

Some of these amendments deny banking and speculative and real estate credit controls in this bill which proposes controls on consumer credit, prices, and wages.

Later we will undoubtedly go on record regarding these amendments.

I have nothing but good will for bankers and realtors. They, as do every legitimate business and occupation, render us a valuable service.

I want to be fair with everyone. I do not favor any punitive or unnecessary legislation.

But today practical men recognize the need for economic controls—controls on consumer credit, prices, and wages.

Another control is the control of the bodies of teen-age boys who are sent forth to fight and die for us.

Now the controls left in this bill affect the pressure at the end of the pipeline—consumer credit, prices, and wages.

If nothing is done to relieve the pressure further back, the pipeline is going to break somewhere.

Every informed Member says credit control will relieve that pressure. Likewise, taxes commensurate with Government expenditures will relieve the pressure.

So I believe that credit controls should be applicable all down the line, not just at the end.

The banker deals in liquid assets. Hence inflation will hurt him perhaps more than any other businessman.

The banker and realtor has as big a stake in this horrible business as anyone.

Besides, their sons are on the battle line. I, for one, believe they are as patriotic as anyone. The ones I know are about like other folks—no better and no worse.

Then why do they object to controls that affect them? They say they fear giving the President so much power. I suppose we all have such fears; we fear the power to control consumer credit, prices, and wages. The manufacturer fears priorities and allocations and being told what he must build.

But we face an enemy of whom Richard Wilson, writing in the Indianapolis Times Monday, said:

Less emphasis is placed upon Russia's ability to produce steel than on its determination to use the maximum amount of that steel for war purposes.

Herein lies the real test: Can we self-impose sacrifices comparable to those a dictator imposes upon the Russian people?

As an American, I instinctively fear many of these controls.

But I hope I can have as much regard for my corner groceryman whose prices are to be controlled, as I have for my ability to borrow money at the bank.

I hope I will have as much regard for daily earnings of those who work for their daily bread.

But, above all, I hope that even my neighbor's son will be more precious in my estimation than my property, my credit or my political fortunes.

If I can agree to entrust the President to command his body, curtail his liberty and send him into the valley of the shadow of death, then why should I tremble at the power of the same man to control bank credits?

I question no man's motives. Each of us must be the keeper of his own conscience;—we must keep it free from the torturing fear that we have been willfully unjust.

In the discharge of our solemn responsibilities, each of us must decide for ourselves if we are using the same yardstick when we measure a proposed control over the personal lives of our sons and over the business of our bankers.

I repeat, Mr. Chairman, every Member is the keeper of his own conscience.

And I am certain that every Member will be mindful of his position on all other controls, including the draft, as he records his vote on the Wolcott amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. JAVITS].

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 65, noes 13.

So the amendment was agreed to.

Mr. FURCOLO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FURCOLO: Page 53, line 12, strike out section 510, beginning at line 12 on page 53, through line 6 on page 54.

Mr. FURCOLO. Mr. Chairman, section 510 on pages 53 and 54 has to do, of course, with employing new people to carry out certain provisions of this act. I realize of course it is going to be necessary to have people to carry out the provisions of the act. Nevertheless, my amendment seeks to strike out the section. It is the only course open to me to bring this matter out in the open. I also realize that striking out the section is undoubtedly probably not the best way to do it. But it does seem to me that if this body goes on record at this time as indicating a sentiment in accordance with what I am suggesting, as letting the conferees know we believe that once young people are being drafted into our military service for the security of the Nation we also feel that people may be called into governmental service on the same basis, then in conference something can be worked out that will be a little bit more fair and more equitable than this section of the bill.

This section 510 is set up under the theory that it is necessary to offer some inducement in the nature of high pay to have properly qualified people to come in and administer the provisions of this act. On the other hand, the whole act itself is based on the theory that there is an emergency which requires us not only to send men abroad, but also to take this sort of restrictive measure and call upon the abilities and resources of everyone in the Nation to try to do something to help this country. If we do not have to offer any inducement to get people in the Armed Services we should not have to offer any inducement to get people into governmental service when the security of this Nation requires their services during time of war.

To me it seems extremely inconsistent to say on the one hand that we have the power to call men to go abroad to serve at risk of life and limb either at very small pay or at pay greatly less than what they earn in civilian life and yet on the other hand when it comes to carrying out the terms of this act—which is strictly a war measure, and that is the basis on which it is being offered today, we find it necessary to offer high pay as an inducement to get Americans to carry out the provisions of the act here at home, at no risk of life and limb.

If we can draft men, then certainly there should be equal right to draft people into the governmental service to carry out the provisions of wartime measures even if they are to receive lower salaries than what they get in civilian life.

I do not know of any reason why that cannot be done. I am not talking about the dollar-a-year men. I think the experience in the last war showed that probably that is not the best way. But I also know that in time of war we call upon our younger people to go out and fight and bear arms, because they are physically qualified to do that. We know they are willing to make every sacrifice because they are patriotic.

On the other hand, in time of war I do not think you will ever find anyone more patriotic than those above the age at which they can serve in the armed forces.

During the last war before I went into the service I served on the draft board for a short time. It was my belief then that no place in the entire country did you find people who expressed greater patriotism and a greater willingness to serve, if only they could serve, than those who were above the age of 35 years. Let us give them that opportunity. There is no reason why they should not have it. If this country needs them, there is no reason at all why we should not be able to call on them to perform duties they are physically and mentally qualified to perform, just as we take our younger people to perform the duties for which they are qualified.

As I mentioned at the beginning, perhaps striking out this section is not the way to do it, but it is the only way I know of to call it to the attention of the Nation and to call it to the attention of the conferees. When this bill goes to conference they can then sit down together and figure out some way whereby if it is necessary to call people into the Government just as we have to call people into the armed services, they can be called without having to say, as this bill does in this section, that we recognize we cannot get patriotic people unless we offer them high salaries. There is no more reason to offer anyone a high salary to come into Government service to carry out the provisions of a wartime measure than there is to offer those same salaries to the men who go into the armed forces.

I certainly hope this body will give some consideration to the suggestion I have made.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. FURCOLO] has expired.

Mr. SPENCE. Mr. Chairman, striking this provision out of the bill would be a great mistake, in my opinion. It simply gives the President authority to call on the services of men who have shown that they have great ability, without having any compensation fixed for them. They could be paid $15 a day for subsistence. In the last war many of those men rendered distinguished service. It may be that occasionally you will find some fellow who has an unpatriotic spirit who would like to come here to enrich himself, but I think there are very few top men in the business world who would do this when their country is in trouble and needs their services. I think in the business world all the men the President would call on have demonstrated their ability and would render patriotic service.

I hope the amendment will be defeated.

Mr. FURCOLO. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. FURCOLO. The committee under this bill does contemplate paying fairly good salaries to the people who are called?

Mr. SPENCE. No, not at all. Some of them will volunteer to come and work without any salary.

Mr. FURCOLO. Is the chairman of the committee willing to express the intent for the committee, that those people shall not be paid if they are called?

Mr. SPENCE. I would not say that none of them will be paid, but I think many of the outstanding men will not ask for anything. They will not expect anything. I think we should leave them in the discretion of the President as to whether he will ask for their assistance.

I ask that the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. FURCOLO].

The amendment was rejected.

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on the bill, and all amendments thereto, close at 1:30.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. JENSEN. Mr. Chairman, reserving the right to object, will that give Members who have amendments at the desk sufficient time to partially explain their amendments?

The CHAIRMAN. The Chair is unable to state how many Members will offer amendments.

Mr. SPENCE. How many amendments are there on the desk, if I may ask?

The CHAIRMAN. The Chair is informed there are three amendments on the desk.

Mr. KUNKEL. Reserving the right to object, Mr. Chairman, may I make the suggestion to the distinguished chairman that he make that 1:40?

Mr. SPENCE. Mr. Chairman, I ask unanimous consent that all debate on the bill, and all amendments thereto, conclude at 1:40 p. m.

Mr. HALLECK. Reserving the right to object, Mr. Chairman, I only do this to suggest that I think one of those amendments will not be offered. The gentleman from Pennsylvania [Mr. KEARNS] and the gentleman from Iowa [Mr. JENSEN] have amendments which they wish to offer.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky, that all debate on the bill, and all amendments thereto, conclude at 1:40 p. m.?

There was no objection.

Mr. KEARNS. Mr. Chairman, I offer an amendment, which is at the desk.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. KEARNS: Insert after section 510 (b), page 54, a new subsection as follows:

"(c) Appointments to all offices and positions necessary and appropriate to the carrying out of the provisions of this act, except those positions referred to in subsection (a) of this section, shall be subject to and made in accordance with the provisions of the Classification Act of 1923, as amended."

Mr. KEARNS. Mr. Chairman, I do not think there should be any opposition to this amendment for this reason: It is purely designed to require that all jobs which come into existence under this legislation be merit-system jobs. I am informed by the members of the committee on the majority side that possibly some of these jobs will be filled by just dollar-a-year men. We know, however, that during the former OPA days in various agencies which were set up in the operation of controls we had many, many employees that were not dollar-a-year men. Every Member of this House has many constituents in his district who have successfully passed civil-service examinations and are entitled to some kind of position if it is open through this legislation. Therefore, I merely present this amendment to take care of qualified personnel, people who have met the qualifications of a civil-service examination to qualify them for these jobs if they are in the offing.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, section 510 (a) will do exactly what the gentleman has suggested. Section 510 (b) is the section that will permit the acceptance by the Government of the services of individuals who are especially qualified for those particular positions without any pay whatsoever. Many people cannot come to Washington and give up the places where they are now employed, their pension benefits, salaries, and things like that; they will not do it even in wartime unless there is some provision made for them. This special provision, 510 (b), is here so that persons of outstanding experience and ability may be employed without compensation. They will not even be paid the dollar a year which was paid during World War II; they will be paid only if they request it, a maximum of $15 per day for subsistence. You cannot get them out of civil-service examinations, you cannot get them from the civil-service rolls; it is impossible. You have got to have outstanding people with special qualifications for this particular thing, and I hope this amendment will be defeated. Because there are a lot of fine people on civil-service rolls does not mean they are qualified for these special jobs.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania.

The question was taken; and on a division (demanded by Mr. KEARNS) there were—ayes 40, noes 56.

So the amendment was rejected.

Mr. JENSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JENSEN: Page 55, at the end of the bill, add a new section as follows:

"*Provided*, That no person may be employed under this act who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation or fund contained in this act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law."

Mr. SPENCE (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with.

The CHAIRMAN. Is their objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. JENSEN. Mr. Chairman, this is the identical amendment to the one I offered last week to the committee bill, and which was adopted by a voice vote of the House.

I am sure every Member of Congress and every loyal American understands the need for a law such as this amendment provides. We are in a shooting war with communism abroad and trying to root Communists out of Government, lest we forget. The amendment speaks for itself, in terms all can understand.

Mr. Chairman, I ask unanimous consent that the amendment, if adopted, be placed after section 512 on page 55.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. JENSEN].

The amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr Chairman, as a member of the Banking and Currency Committee, I am naturally glad that the committee of which a great American statesman the gentleman from Illinois [Mr. SPENCE] is chairman and on which I have had the honor and the appreciated privilege of serving has rendered a service to the Nation in time of great crisis by clearing away the clouds of confusion which for 3 days of last week settled so deeply about this Chamber that at times it was difficult to distinguish your next seat neighbor.

I am sure that my colleagues will agree with me that it was fortunate for the Congress, and for our country, that on the committee were members of long and rich experience with the problems of inflation, scarcity of commodities and materials, and of the many abnormal conditions which characterize periods of war emergency.

While there were differences of opinion, of course, and clashes of philosophies, the debates in the committee were kept uniformly on a high level and were tempered by the thought in the mind of every member, I am sure, that it was the wish of the House and the necessity of the Nation that from our committee should come the framework of a measure commanding bipartisan support.

I think the attention of the House and of the country should be called to the fact that while our men in the armed services were fighting in Korea there were among the 27 Members of the Congress working on this bill, made necessary by another war emergency, two members of the committee who were not here when similar legislation was under consideration during the period of World War II because they then were among the men in the armed services and were in combat. The gentleman from New Jersey [Mr. ADDONIZIO] spent 37 months overseas with the Sixtieth Infantry of the Ninth Division, participating in eight major campaigns from the invasion of North Africa, up through Sicily, Normandy, northern France, the Battle of the Bulge, central Europe, and Rhineland. He is one of the few living combat officers to wear eight campaign stars. The gentleman from Missouri [Mr. BOLLING] served 4 years overseas in Australia, New Guinea, Philippines, and Japan. I am very sure that when they were participating in the deliberations of our committee on legislation required by the storm signals of another threat-

ened war they were determined that if another period of war sacrifice must come to us that everything we have in a material sense, dollars and business, and everything must go into this struggle on the same basis of sacrifice to the utmost as is demanded of our men who do the fighting.

I think it fitting also to mention that on the committee which brought this bill to the House with bipartisan support were members who had served in World War I, including the distinguished gentleman from Michigan [Mr. WOLCOTT], the ranking Republican member and the chairman of the committee in the Eightieth Congress, who saw active service in France during the Meuse-Argonne offensive with a machine-gun company of the Twenty-sixth Infantry, First Division.

I do not think this is a perfect bill. I think it has been weakened where it should not have been weakened by amendments that might better have been defeated. Perhaps because the Membership is hoping that things will not actually turn out as rough as now seems the probability, and certain interests have wanted a preference in cushions upon which to rest the status quo, we have not been able to make the Defense Production Act of 1950 all that we would have desired.

But on the whole I feel that the bill is worthy of our support. Not much has been said in the debate about the provision granting the power to requisition. I would say that this is among the strongest features of the bill. The power to requisition is the best, and the most practical, weapon against hoarding, especially hoarding, in a stockpile or wholesale level.

There can be no doubt in any reasoning mind that the war emergency will interfere with home construction. Regardless of credit availability, the construction of homes must suffer a setback for the simple reason that steel and other materials will be going into the products of war. This will certainly not help the housing shortage, and it seems to me short-sighted on our part not to have conferred upon the President the stand-by authority to extend and broaden rent control when and if necessary. Doubtless this will be covered in other legislation, as well as the imperatively demanded matter of an excise tax. This time if war comes dollars can claim, and we are determined shall not receive, any preference over men.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HOLIFIELD].

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Chairman, I have been waiting some time to get recognition, so my remarks are rather belated.

At the bottom of page 43 the amendment was changed to protect the GI building program, which I think was very good cooperation on the part of the committee. I do want to call the attention of the committee, not of this committee necessarily but of the Veterans' Affairs Committee possibly and the Committee on the Armed Forces, to the fact that many of these GI boys who have bought homes are being reactivated because they are members of reserve units or possibly members of different National Guard units. Many of them who are being reactivated, who are being called back into the service, are unable to make the payments on their GI homes which they have bought. There are no family allowances to give them extra money. I think that is a job which the proper committee should take care of as soon as possible.

Mr. Chairman, the GI building program should be preserved.

I think such an amendment imperative to the bill under consideration. It relates to the section which will give the President authority to apply the broadest kind of restrictions in the field of residential housing credit..

All of us recognize that the tremendous volume of residential construction is one of the first areas where we can apply the brakes so that the necessary degree of diversion of our economic activity from civilian pursuits to defense production can be achieved. We might even argue that a certain amount of reduction from the present hyperactive stage of building activity would in itself be healthy even without the Korean situation.

The point I wish to make—and I cannot make it too emphatic—is that we must be careful not to just think of construction as one great mass without distinguishing between its component parts. There are all kinds of building activity. Some of it deals with race tracks and some of it with carnivals and amusement parks. Clearly we can forego such types of construction in an emergency situation.

Taking housing itself, we must keep firmly in mind that there are all kinds of houses. There are luxury houses being built in the higher-price brackets for our wealthier citizens. There are houses in the middle-price brackets available to all our citizens. But there is one segment of our housing effort—it seems to me—that should have the highest priority in any program designed to reduce the absolute level of housing construction.

I am talking about the houses which are going to veterans with low-cost financing on liberal terms under the GI bill. When we established the GI loan benefit—and when we recently improved the effectiveness of that benefit in the new housing law—we recognized that veterans should have real preference in Government credit aids to finance their home purchases.

While veterans housing under the GI bill is substantial in volume, the plain fact is that veterans housing nonetheless is a relatively small part of our total housing production.

Let us look at the figures. I have a table—table 1—before me, based upon data from the Veterans' Administration, which shows the total dollar volume of new construction and the dollar volume of private residential construction for the 6 months ending May 1950. The table also shows the estimated construction cost of new homes purchased by veterans with a GI loan each month for the same period. When we relate these two series what do we find? We find that homes bought by veterans with GI loans account, are on the average, only 8.3 percent of the volume of total new construction and only 19.1 percent of the volume of private residential construction.

In other words, in this new legislation we are now considering, we must be extremely careful that we do not lightly give authority which would permit the controlling authorities to tamper with the veterans housing segment of the market. The figures I have quoted demonstrate amply that veterans housing is a narrow segment of the housing picture and a still narrower segment of construction generally. The majority of our housing construction at present involves higher priced homes going largely to nonveterans. That is the broad segment which should be cut first in any control measures adopted as the result of the bill which we are now considering.

The housing going to veterans with GI loans meets the very special need of our former GI's. They are getting their housing under the most favorable financing terms available in the market. They pay only 4 percent interest; they get a gratuity payment and other advantages; and they get their loans even though they were unable to save enough during the war and the postwar period to make the large down payment usually required with conventional and FHA loans.

Moreover, I would like to emphasize that veterans housing under the GI bill is not luxury housing. The great bulk of these homes are modest homes for our low-income and middle-income GI's. I have another table—table 2—before me which shows that for the past year the average purchase prices of new homes going to veterans with GI loans are centered within a range of $8,400 to $9,400.

Surely this type of housing is the very last which should be restricted as our mobilization proceeds. If we run into the holocaust of total war, naturally we will have to cut down on veterans housing, as we will in all other sectors of economic activity except those vital to war and war purposes. But in the program of partial mobilization with which we are now confronted, there is no justification whatsoever for denying low-cost housing with GI loans to our former GI's. If we must cut—and clearly we must cut some part out of the tremendous housing boom—then let us make sure that we restrict and cut down on the higher priced homes which are going to nonveterans—these are the new homes which comprise the bulk of our residential building activity.

I will admit that the framers of the present bill were on the right track in recognizing the priority of GI-financed veteran housing. This is shown by the clause in the bill in section 402 which provides that the President, in exercis-

ing controls over housing and mortgage credit, should give consideration to maintaining the relative preference of veterans in Government-sponsored housing credit aids. But while the framers were tending in the right direction, they did not go far enough. My amendment will remove all doubt on the subject. Instead of merely asking that the President give consideration to veterans financing aids, my amendment will require him to make certain that the GI loan preference of veterans is maintained.

Surely no one can in good conscience oppose my proposed amendment. Our troops in Korea have the highest priority beyond all question. It is for them primarily that we are hereby proposing to give power to cut down various sectors of our civilian economy. All I ask is that when the knife is used, that we divide what's left on a fair and equitable basis. And that means that the new housing going to veterans with financing under the GI bill should be protected with the highest priority we can give to civilian housing production.

At this point I would like to read a telegram from the Veterans of Foreign Wars which urges the strengthening of the priority provision for veterans housing, as proposed in my amendment.

WASHINGTON, D. C., *August 9, 1950.*

Hon. CHET HOLIFIELD,
Member of Congress,
House Office Building:

Veterans of Foreign Wars strongly urge that language in Defense Production Act coming up today relating to credit controls on housing be amended to make present veterans home loan program mandatory rather than optional as in existing language. Veterans housing program represents less than 15 percent of total construction and should be preserved unless Nation becomes involved in all-out war effort.

OMAR B. KETCHUM,
Legislative Director, Veterans of Foreign Wars.

TABLE 1.—*Comparison of dollar volume of new-construction expenditures and estimated construction cost of new homes financed with GI loans*

Period	Volume of new construction expenditures (millions of dollars) [1]		Estimated construction cost of new homes financed with GI loans [2]		
	Total new construction	Private residential construction	Millions of dollars	Percent of total new construction	Percent of private residential
December 1949	1,852	806	119	6.4	14.8
January 1950	1,712	742	153	8.9	20.6
February	1,618	717	176	10.9	24.5
March	1,750	741	169	9.7	22.8
April	1,959	852	160	8.2	18.8
May	2,250	1,010	152	6.8	15.0
Total 6 months ending May 1950	11,141	4,868	929	8.3	19.1

[1] Source: Joint estimates of Department of Commerce and Department of Labor.
[2] Source: Veterans' Administration. Estimate based on purchase price of new homes financed with GI loans closed, with 20 percent deducted to allow for land, overhead, and profit included in the purchase price, to arrive at an estimate comparable with the figures on new construction expenditures.

TABLE 2.—*Average purchase price of new homes purchased with VA-guaranteed first mortgage loans*

Period	Newly completed homes purchased with GI loan	Proposed construction financed with GI loan
1948—January	$8,985	$8,882
February	8,909	8,741
March	8,856	8,973
April	8,802	9,125
May	8,917	9,010
June	9,221	9,236
July	9,394	9,270
August	9,468	9,282
September	9,633	9,367
October	9,676	9,351
November	9,862	9,859
December	9,892	9,910
1949—January	9,896	9,833
February	9,827	9,520
March	9,761	9,323
April	9,666	8,899
May	9,590	8,847
June	9,499	8,580
July	9,363	8,318
August	9,379	8,447
September	9,313	8,457
October	9,277	8,457
November	9,132	8,504
December	9,029	8,562
1950—January	9,072	8,472
February	8,959	8,517
March	9,045	8,491
April	8,929	8,357
May	8,905	8,412

Source: Veterans' Administration. Data only for homes financed with VA first mortgage loans (Section 501).

(Mrs. DOUGLAS asked and was given permission to extend her remarks at this point in the RECORD.)

Mrs. DOUGLAS. Mr. Chairman, if curtailment of building construction is necessary it should occur in the luxury type of homes and in such types of construction as race tracks, amusement buildings, and so forth. The GI building program should not be curtailed. It comprises only 8.3 percent of total new construction for the first 6 months of 1950. The committee is to be commended, Mr. Chairman, for making it mandatory that the present GI residential credit preferences be preserved.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. KUNKEL].

Mr. KUNKEL. Mr. Chairman, yesterday during the debate the gentleman from Pennsylvania [Mr. BUCHANAN] said that the same broad credit powers had been granted to the President in the Second War Powers Act and in the Trading With the Enemy Act of 1917. I had the legislative counsel check with the Federal Board. The Board could not find the reference in the Second War Powers Act, and the language used in the Trading With the Enemy Act is certainly not in any sense as broad as that contained in that section of the bill which was deleted from it yesterday by committee action.

I might also call attention to the fact that the Trading With the Enemy Act is still in effect. It provides that during the time of war or during any other period of national emergency declared by the President, that the President can reinstitute such powers granted under the act merely by making a declaration of an emergency, or during time of war. So, even if he needs the authority, and even if the situation should arise, why, he can call those powers into being, such as they are. Of course, I do not think the Trading With the Enemy Act is nearly as broad as the grant proposed, but the President is completely protected under any circumstances. I wanted to call that to the attention of the Committee prior to the time there was a vote on the credit amendment, because I believe there will be a roll-call vote later on.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman I take this time to point out that the Trading With the Enemy Act, wherein those powers were granted, as amended by the act of 1941 (55 Stat. 839), takes care of those very provisions. While the gentleman has stated that it is necessary to declare an emergency or state of war existing, I merely made the statement yesterday that in the Trading With the Enemy Act and under this act of 1941, the Second War Powers Act, 55 Stat. 839, that he did have those same broad powers, and we are asking for them in this case.

Mr. KUNKEL. Mr. Chairman, if the gentleman will yield, I point out that the powers are not nearly so broad and secondly, if they are contained in those particular statutes, then they can be called into effect at any time the President declares an emergency.

Mr. BUCHANAN. I might say to the gentleman that the language here is just as broad as the powers that he had at that time and is asking for the same in this particular legislation.

Mr. KUNKEL. Well, I disagree with that, but if they are, then he has them, because this act is still in effect.

Mr. BUCHANAN. He would have to declare an emergency or we would have to be in a state of war.

Mr. KUNKEL. What we are contending is that under Federal provisions you should not have emergency powers in the absence of an emergency.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, if the gentleman from Pennsylvania [Mr. KUNKEL] were right in his contention, I do not think his colleagues on his side of the aisle would have made the vigorous attempt to exclude from this bill the credit and real-estate controls which they have succeeded in striking out of this bill. The fact of the matter is that the President does not have these credit powers now. The Federal Reserve Board has told us he does not have these powers now. He has asked for these powers. The Federal Reserve Board has said in so many words, as of August 1, referring to the provisions of this very bill, that he needs these powers and he should be given these powers at this time. I say it is indefensible to strike these provisions out of this bill.

LET'S PROTECT THE COUNTRY AGAINST RUNAWAY INFLATION OR DISASTROUS DEFLATION

Mr. RANKIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this will probably be the last time that I will have an opportunity to speak on this measure, which,

in my opinion, is one of the most dangerous pieces of legislation that has been proposed in this Congress. For the simple reason that it attempts to regiment the American people and leave the financial racketeers free, and let the inflation of the currency run wild or deflation wreck the country.

As I pointed out on yesterday, prices in a free economy are governed by two things, the volume of the Nation's currency multiplied by the velocity of its circulation. Every well-informed economist will tell you so.

One gentleman here today said that in 1928 we went into a depression because of the commodity supply. He evidently had not read the record. At that time the volume of currency had dropped from $5,698,214,612 in 1920 to $4,973,168,182 in 1928, which carried prices down with it and wrecked the Hoover administration.

I have before me a statement from the Farm Bureau Federation that has more in it, in one paragraph, than all the spurious debate we have heard in favor of regimenting the American people and leaving the financial racketeers to run wild. That is what this bill does. The American Farm Bureau Federation says:

Inflation is the condition which develops when the supply of money increases in relation to the supply of goods.

You are not doing a thing in the world to check inflation of the currency, which is now running wild. You are trying to put the bee on the little fellow, and even trying to prevent him from "hoarding" potatoes or corn, but you do not try to stop the financier, the big financial racketeer, from "hoarding" the Nation's currency.

Again the American Farm Bureau Federation wisely says:

Price and ration controls, at best, only suppress the symptoms of inflation. They invite black markets and require administrative personnel needed for production. They do not attack the problem of cheap dollars at its source, and actually decrease the supply of goods, thus depriving the country of needed defense and the citizens of goods and services.

I have before me a Treasury report of 1928 and also one of 1950, showing the inflation we are in today. Do you know what the volume of currency is now? I have not heard a single member of this committee touch side, edge or bottom of that proposition. As I said, on December 31, 1928 we had $4,793,000,000 in circulation. In 1920 we had $5,698,000,000. That was at the peak of high prices. How much have we now, Mr. Chairman? I will tell you how much. Not $5,698,000,000 as we had in 1920, but $27,156,000,000, or nearly five times as much as we had in 1920 and nearly six times as much as we had in 1928.

It increased from May 31 to June 30 of this year $67,000,000.

Not a thing in this bill even tends to check the expansion of the currency through the Federal Reserve System, or to protect us against disastrous deflation, such as we had in 1928.

But you propose in this bill to regiment the American people, and leave their destiny in the hands of certain financial interests that could wreck this country, with runaway inflation through the Federal Reserve System, or plunge us into disastrous deflation that might paralyze the Nation, bring distress to the American people, and fill our streets with breadlines, as was done in 1928.

For the information of the House I am inserting at this point the Circulation Statement of United States Money—December 31, 1950:

Kind of money	Total amount	Money held in the Treasury					Money outside of the Treasury				Population of continental United States (estimated)
		Total	Amount held in trust against gold and silver certificates (and Treasury notes of 1890)	Reserve against United States notes (and Treasury notes of 1890)	Held for Federal Reserve banks and agents	All other money	Total	Held by Federal Reserve banks and agents	In circulation		
									Amount	Per capita	
Gold coin and bullion	$4,141,420,889	$3,206,606,813	$1,412,515,819	$156,039,088	$1,448,961,109	$189,090,797	$934,814,076	$539,504,363	$395,309,713	$3.32	
Gold certificates	(1,412,515,819)						1,412,515,819	421,519,960	990,995,859	8.32	
Standard silver dollars	539,961,775	481,960,397	476,181,974			5,778,423	58,001,378	11,526,004	46,475,374	.39	
Silver certificates	(474,888,124)						474,888,124	64,553,914	410,334,210	3.45	
Treasury notes of 1890	(1,293,850)						1,293,850		1,293,850	.01	
Subsidiary silver	304,398,571	2,189,001				2,189,001	302,209,570	10,895,647	291,313,923	2.45	
Minor coin	118,618,677	975,648				975,648	117,643,029	2,029,887	115,613,142	.97	
United States notes	346,681,016	3,953,054				3,953,054	342,727,962	48,529,449	294,198,513	2.47	
Federal Reserve notes	2,277,353,565	1,434,090				1,434,090	2,275,919,475	467,866,876	1,808,052,599	15.18	
Federal Reserve bank notes	3,882,751	57,219				57,219	3,825,532	5,377	3,820,155	.03	
National bank notes	698,782,129	16,067,169				16,067,169	682,714,960	66,954,116	615,760,844	5.17	
Total Dec. 31, 1928	8,431,099,373	3,713,243,391	1,888,697,793	156,039,088	1,448,961,109	219,545,401	6,606,553,775	1,633,385,593	4,973,168,182	41.76	119,076,000
Comparative totals:											
Nov. 30, 1928	8,281,523,377	3,741,985,036	1,869,770,295	156,039,088	1,490,272,210	225,903,443	6,409,308,636	1,419,194,269	4,990,114,367	41.95	118,957,000
Dec. 31, 1927	8,619,444,799	4,011,866,982	2,090,864,120	155,420,721	1,556,510,011	209,072,130	6,698,441,937	1,695,486,256	5,002,955,681	42.52	117,653,000
Oct. 31, 1920	8,479,620,824	2,436,864,530	718,674,378	152,979,026	1,212,360,791	352,850,336	6,761,430,672	1,063,216,060	5,698,214,612	53.01	107,491,000
Mar. 31, 1917	5,396,596,677	2,952,020,313	2,681,691,072	152,979,026		117,350,216	5,126,267,436	953,321,522	4,172,945,914	40.23	103,716,000
June 30, 1914	3,796,456,764	1,845,575,888	1,507,178,879	150,000,000		188,397,009	3,458,059,755		3,458,059,755	34.92	99,027,000
Jan. 1, 1879	1,007,084,483	212,420,402	21,602,640	100,000,000		90,817,762	816,266,721		816,266,721	16.92	48,231,000

You will note at that time we had $1,808,052,599 in Federal Reserve notes. Today we have $22,760,284,970 in Federal Reserve notes.

Remember, these Federal Reserve banks can retire these notes at any time they desire, take up the bonds which they have deposited and which have been accumulating interest all these years, and in that way plunge the Nation toward disastrous deflation.

For the information of the House, I am inserting at this point the Circulation Statement of United States Money—June 30, 1950:

Circulation statement of United States money—June 30, 1950

Kind of money	Total amount	Money held in the Treasury					Money outside of the Treasury			
		Total	Amount held as security against gold and silver certificates (and Treasury notes of 1890)	Reserve against United States notes (and Treasury notes of 1890)	Held for Federal Reserve banks and agents	All other money	Total	Held by Federal Reserve banks and agents	In circulation [1]	
									Amount	Per capita [2]
Gold	[3]$24,230,720,268	$24,230,720,268	$23,022,851,912	$156,039,431		$1,051,828,925				
Gold certificates	[4](23,022,851,912)	[4](20,166,524,283)			[4][5]$(20,166,524,283)		$2,856,327,629	$2,815,555,600	$40,772,029	$0.27
Standard silver dollars	492,582,858	319,840,142	302,938,393			16,901,749	172,742,716	2,557,828	170,184,888	1.12

Footnotes at end of table.

Circulation statement of United States money—June 30, 1950—Continued

Kind of money	Total amount	Money held in the Treasury					Money outside of the Treasury			
		Total	Amount held as security against gold and silver certificates (and Treasury notes of 1890)	Reserve against United States notes (and Treasury notes of 1890)	Held for Federal Reserve banks and agents	All other money	Total	Held by Federal Reserve banks and agents	In circulation [1]	
									Amount	Per capita [2]
Silver bullion	$2,022,834,904	$2,022,834,904	$2,022,834,904							
Silver certificates	[4] (2,324,628,236)						$2,324,628,236	$147,377,190	$2,177,251,046	$14.35
Treasury notes of 1890	[4] (1,145,061)						1,145,061		1,145,061	.01
Subsidiary silver	1,091,573,600	10,414,334				$10,414,334	991,159,266	26,450,342	964,708,924	6.36
Minor coin	378,463,200	7,854,745				7,854,745	370,608,455	9,722,586	360,885,869	2.38
United States notes	346,681,016	2,464,495				2,464,405	344,216,611	23,435,182	320,781,429	2.11
Federal Reserve notes	23,602,679,835	51,835,210				51,835,210	23,550,844,625	790,559,655	22,760,284,970	150.00
Federal Reserve bank notes	277,201,956	77,372				77,372	277,124,584	3,337,080	273,787,504	1.80
National bank notes	87,615,382	367,510				367,510	87,247,872	759,550	86,488,322	.57
Total, June 30, 1950	52,440,353,019	26,646,408,890	25,348,625,209	$156,039,431	[4] $(20,166,524,283)	[5] 1,141,744,250	[7] 30,976,045,055	3,819,755,013	27,156,290,042	178.97
Comparative totals:										
May 31, 1950	52,358,685,718	26,647,628,352	25,338,343,518	156,039,431	20,182,504,699	1,153,245,403	30,866,896,185	3,777,096,631	27,089,799,554	[8] 178.76
June 30, 1949	53,103,980,266	26,861,355,044	25,554,810,696	156,039,431	20,429,709,806	1,150,504,917	31,367,726,112	3,874,816,210	27,492,909,902	184.25
Oct. 31, 1920	8,479,620,824	2,436,864,530	718,674,378	152,979,026	1,212,360,791	352,850,336	6,761,430,672	1,063,216,060	5,698,214,612	53.18
Mar. 31, 1917	5,396,596,677	2,952,020,313	2,681,691,072	152,979,026		117,350,216	5,126,267,436	953,321,522	4,172,945,914	40.49
June 30, 1914	3,797,825,099	1,845,569,804	1,507,178,879	150,000,000		188,390,925	3,459,434,174		3,459,434,174	34.90
Jan. 1, 1879	1,007,084,483	212,420,402	21,602,640	100,000,000		90,817,762	816,266,721		816,266,721	[9] 16.76

[1] The money in circulation includes any paper currency held outside the continental limits of the United States.

[2] Based upon estimates of the Bureau of the Census.

[3] Does not include gold other than that held by the Treasury.

[4] These amounts are not included in the total, since the gold or silver held as security against gold and silver certificates and Treasury notes of 1890 is included under gold, standard silver dollars, and silver bullion, respectively.

[5] This total includes credits with the Treasurer of the United States payable in gold certificates in (1) the gold certificate fund-Board of Governors, Federal Reserve System, in the amount of $19,643,875,142, and (2) the redemption fund for Federal Reserve notes in the amount of $522,649,141.

[6] Includes $155,500,000 lawful money deposited as a reserve for postal-savings deposits.

[7] The amount of gold and silver certificates and Treasury notes of 1890 should be deducted from this amount before combining with total money held in the Treasury to arrive at the total amount of money in the United States.

[8] Revised figures.

NOTE.—There is maintained in the Treasury—(i) as a reserve for United States notes and Treasury notes of 1890—$156,039,431 in gold bullion; (ii) as security for Treasury notes of 1890—an equal dollar amount in standard silver dollars (these notes are being canceled and retired on receipt); (iii) as security for outstanding silver certificates—silver in bullion and standard silver dollars of a monetary value equal to the face amount of such silver certificates; and (iv) as security for gold certificates—gold bullion of a value at the legal standard equal to the face amount of such gold certificates. Federal Reserve notes are obligations of the United States and a first lien on all the assets of the issuing Federal Reserve bank. Federal Reserve notes are secured by the deposit by the Federal Reserve bank concerned, with its Federal Reserve agent, of a like amount of collateral consisting of such discounted or purchased paper as is eligible under the terms of the Federal Reserve Act, or gold certificates, or direct obligations of the United States. Each Federal Reserve bank must maintain reserves in gold certificates of not less than 25 percent against its Federal Reserve notes in actual circulation. Gold certificates deposited with Federal Reserve agents as collateral, and those deposited with the Treasurer of the United States as a redemption fund, are counted as part of the required reserve. "Gold certificates" as herein used includes credits with the Treasurer of the United States payable in gold certificates. Federal Reserve bank notes and national bank notes are in process of retirement.

I hope every Member of Congress, and everyone else who reads this RECORD, will examine these two statements carefully then they will see how we have spiraled into inflation through the Federal Reserve System, which may increase, if the Federal Reserve banks desire it, while the American people are regimented and restricted under the provisions of this bill; or, as I said, these Federal Reserve notes can be retired down to where they were in 1928, or lower, and the country plunged into a disastrous deflation that might mean the end of the Republic.

I am appealing to the Committee on Banking and Currency to take this bill back and rewrite it so as to prevent inflation, by limiting, by law, the amount of money that can be placed in circulation at one time; and at the same time putting a floor under the volume of our currency in order to prevent disastrous deflation such as we had from 1928 to 1933.

That can be done by authorizing and directing the Department of the Treasury to issue United States notes with a gold reserve behind them to hold the volume of the currency up to the minimum prescribed by law—thereby protecting us against disastrous deflation.

During the War Between the States, when the volume of the Nation's currency sank below the danger point, Abraham Lincoln's administration issued $346,681,016 in United States notes with nothing but the credit of the Government behind them, since we did not have the gold to supply the reserve.

That money is still in circulation, as you will see from the circulation statement of June 30, 1950, and also from the circulation statement of December 31, 1928, both of which I have inserted. Of course, there is now a gold reserve behind those notes; but Lincoln did not have the gold to provide that reserve at the time this money was issued.

Instead of regimenting the American people, and permitting the selfish interests to inflate our currency beyond the danger point, or plunge us into a panic by disastrous deflation, I appeal to the Committee on Banking and Currency to take this bill back and rewrite it, so as to protect the American people against these dangers, which, as I said, might imperil the very life of the Nation.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

(Mr. HOPE, Mr. AUGUST H. ANDRESEN, Mr. RANKIN, Mr. KUNKEL, and Mr. COOLEY asked and were given permission to revise and extend their remarks.)

(Mr. HAYS of Arkansas asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HAYS of Arkansas. Mr. Chairman, the debate should not close without reference to the historic statement in the declaration of policy on the purposes of the United States in resisting aggression. For the first time in history we are acting at the request of an international agency for peace and are supported by other nations in resisting aggression. The United Nations was organized to maintain peace. It represents the conscience of the world in opposition to war and aggression. Whatever we call the operations in Korea, we know that our purpose is to help maintain peace under the principles of world law. A great forward step has been taken in mankind's long struggle for justice and peace. America has been thrust into the role of leadership and our action on this bill will indicate to the world that our resolutions are firm and our moral resources equal to the task.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, exempting from these remarks the chairman of the Committee on Banking and Currency, I want to pay my tribute to this committee. I do not think there has been a harder working, more conscientious, more unselfish committee in the House than the Committee on Banking and Currency. I not only feel that it is a great honor to preside over that committee but it is a great honor and privilege to be associated with it.

May I say also that I think that committee has one of the best clerks I have ever seen in the House. Bill Hallahan is conscientious, industrious, and able. We could not have a more efficient clerk. He is a great asset to that committee. Our two experts, Orman S. Fink and John E. Barriere, are also men upon whom we can rely for accurate and impartial information.

The CHAIRMAN. All time has expired.

The question is on the committee substitute for the original bill, as amended.

The committee substitute was agreed to.

Mr. RANKIN. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. RANKIN moves that the Committee do now rise and report the bill back to the House with the recommendation that it be recommitted to the Committee on Banking and Currency for further hearings and study.

Mr. PATMAN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. PATMAN. Mr. Chairman, I make the point of order that this being a straight motion to recommit, without instructions, it is not permissible under the rule under which we are considering the bill in Committee.

The CHAIRMAN (Mr. SMITH of Virginia). The Chair is ready to rule.

That motion is not in order in Committee of the Whole, and the Chair sustains the point of order.

Mr. RANKIN. Mr. Chairman, it is in order to make a motion that the Committee do now rise and report the bill back to the House with the recommendation that it be recommitted to the Committee on Banking and Currency for further study and hearing.

The CHAIRMAN. In the consideration of this bill the Committee of the Whole is operating under a special rule which lays down the conditions under which the bill is to be considered. The motion of the gentleman from Mississippi is not in order at this time.

Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SMITH of Virginia, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, pursuant to House Resolution 740, he reported the bill back to the House with sundry amendments adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. SPENCE. Mr. Speaker, we ask for separate votes on three amendments: First, on the Wolcott amendment on the definition of credit; second, on the Cooley amendment with reference to the regulation of commodity exchanges; and third, on the Wolcott amendment with reference to real estate.

Mr. KUNKEL. Mr. Speaker, I ask for a separate vote on the Spence amendment, title II, covering rationing and price control.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. SPENCE: On page 30, insert a new title II, as follows:

"TITLE II

"PRICE AND WAGE STABILIZATION

"SEC. 201. It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: to prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of Congress that the authority conferred by this title shall be exercised in accordance with the policies set forth in section 2 of this act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

"SEC. 202. (a) In order to carry out the objectives of this title, the President may encourage and promote voluntary action by business, agriculture, labor, and consumers. In proceeding under this subsection the President may exercise the authority to approve voluntary programs and agreements conferred on him under sections 708 and 712, and may utilize the services of persons and agencies as provided in section 710.

"(c) Where the objectives of this title cannot be attained by action under subsection (a), the President may issue regulations and orders at the same time both—

"(1) establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service; and

"(2) establishing a ceiling or ceilings, wages, salaries, and other compensation paid to or received by any person for any type of employment; and regulations prohibiting increases in wages, salaries, and other compensation, except when deemed necessary by the President to prevent gross inequity or to effectuate the purposes of this act, shall be issued whenever an increase in wages, salaries, or other compensation (A) would require increases in price ceilings established under paragraph (1) of this subsection, or (B) would impose an undue burden on a seller operating under a price ceiling established under paragraph (1) of this subsection.

"Action under this subsection may be taken either with respect to individual materials and services, or with respect to materials and services generally.

"Wages, salaries, and other compensation shall be stabilized generally whenever ceilings on prices, including retail sales prices, have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living.

"(d) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. The President shall also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this act. From time to time the President shall adjust ceilings, and in determining and adjusting ceilings on prices with respect to materials and services, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or service, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or by persons performing the service, subsequent to June 24, 1950: *Provided,* That no regulation or order shall contain any provision requiring the determination of costs otherwise than in accordance with established accounting methods. In stabilizing and adjusting wages, salaries, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such wages, salaries, or other compensation. Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order.

"(e) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except as provided in this subsection.

"(2) No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor Management Relations Act, 1947, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

"(3) No ceiling shall be established or maintained for any agricultural commodity below the higher of the following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the

Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the highest price received by producers during the period from May 24, 1950, to June 24, 1950, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (iii) if for the year 1950 a producer normally does not market a commodity during the period from May 24, 1950, to June 24, 1950, the highest price received by such producer during the first 30-day period following May 24, 1950, in which such commodity is normally marketed; and no ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the higher price therefor specified in this subsection: *Provided,* That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing. Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural commodity. Nothing contained in this act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such act. Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher: *Provided, however,* That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas.

"(f) The authority conferred by this title shall not be exercised with respect to the following:

"(i) Rentals for real property;

"(ii) Rates or fees charged for professional services;

"(iii) Prices or rentals (a) for materials furnished for publication by any press association or feature service, (b) books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities;

"(iv) Rates charged by any person in the business of selling or underwriting insurance;

"(v) Rates charged by any common carrier or other public utility;

"(vi) Margin requirements on any commodity exchange.

"(g) The President, in or by any regulation or order, may provide exemptions for any materials or services, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials or services, or transactions therein, or that compensation for such types of employment be stabilized, in order to effectuate the purposes of this title.

"SEC. 203. The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, or requirement under this title.

"SEC. 204. In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

"SEC. 205. (a) It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer solciit, attempt, or agree to do any of the foregoing.

"(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

"SEC. 206. Nothing in this title shall be construed to require any person to sell any material or service, or to perform personal services.

"SEC. 207. (a) At any time within 6 months after the effective date of any regulation or order under this title, or, in the case of new grounds arising after the effective date of any such regulation or order, within 6 months after such new grounds arise, any person subject to any provision of such regulation or order, may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than 30 days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

"(b) In the administration of this title the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of title VII of this act.

"(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: *Provided, however,* That upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

"(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

"SEC. 208. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within 30 days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided,* That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest of such evidence and shall be contained in the transcript. If application is made to the court by either

party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by the President, any such evidence shall be presented directly to the court.

"(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of 30 days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such 30 days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

"(c) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation, order, price schedule, or wage, salary, or other compensation schedule issued under this title. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title.

"(d) Within 30 days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under this title, and of any provision of any such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

"SEC. 209. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 205 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

"(b) Any person who willfully violates any provision of section 205 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than 1 year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

"(c) If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material or service for use or consumption other than in the course of trade or business may, within 1 year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus $10,000, or (2) an amount not less than $25 nor more than $50 as the court in its discretion may determine: *Provided, however,* That such amount shall be the amount of the overcharge, or overcharges, if the defendant proves that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within 30 days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such 1-year period. If such action is instituted by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered. The President may not institute any action under this subsection on behalf of the United States—

"(1) If the violation arose because the person selling the material or service acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

"(2) if the violation arose out of the sale of any material or service to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

"SEC. 210. As used in this title—

"(a) The word 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided,* That no punishment provided by this act shall apply to the United States, or to any such government, political subdivision, or government agency.

"(b) The word 'materials' shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

"(c) The word 'facilities' shall not include farms, churches or other places of worship, or private dwelling houses.

"(d) The term 'national defense' means the operations and activities of the Armed Forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.

"(e) The words 'wages, salaries, and other compensation' shall include all forms of remuneration to employees by their employers for personal services, including, but without limitation, vacation and holding payments, night shift and other bonuses, incentive payments, year-end bonuses, employer contributions to or payments of insurance or welfare benefits, employer contributions to a pension fund or annuity, payments in kind, and premium overtime payments."

Mr. SPENCE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 393, nays 3, not voting 34, as follows:

[Roll No. 228]

YEAS—393

Abbitt	Burke	Doughton
Abernethy	Burleson	Douglas
Addonizio	Burnside	Doyle
Albert	Burton	Durham
Allen, Calif.	Byrne, N. Y.	Eberharter
Allen, Ill.	Byrnes, Wis.	Elliott
Allen, La.	Camp	Ellsworth
Andersen, H. Carl	Canfield	Elston
	Cannon	Engel, Mich.
Anderson, Calif.	Carlyle	Engle, Calif.
Andresen, August H.	Carnahan	Evins
	Carroll	Fallon
Andrews	Case, N. J.	Feighan
Angell	Case, S. Dak.	Fellows
Arends	Cavalcante	Fenton
Aspinall	Celler	Fernandez
Auchincloss	Chatham	Fisher
Bailey	Chelf	Flood
Barden	Chesney	Fogarty
Baring	Chiperfield	Forand
Barrett, Pa.	Christopher	Ford
Bates, Ky.	Chudoff	Frazier
Bates, Mass.	Clemente	Fugate
Battle	Cole, Kans.	Fulton
Beall	Cole, N. Y.	Furcolo
Beckworth	Colmer	Gamble
Bennett, Fla.	Combs	Garmatz
Bennett, Mich.	Cooley	Gary
Bentsen	Cooper	Gathings
Biemiller	Corbett	Gavin
Bishop	Cotton	Gilmer
Blackney	Coudert	Golden
Blatnik	Cox	Goodwin
Boggs, Del.	Crawford	Gordon
Boggs, La.	Crook	Gore
Bolling	Crosser	Gorski
Bolton, Md.	Cunningham	Graham
Bolton, Ohio	Curtis	Granahan
Bonner	Davenport	Granger
Bosone	Davies, N. Y.	Grant
Boykin	Davis, Ga.	Green
Bramblett	Davis, Tenn.	Gregory
Breen	Davis, Wis.	Gross
Brehm	Dawson	Guill
Brooks	Deane	Hagen
Brown, Ga.	DeGraffenried	Hale
Brown, Ohio	Delaney	Hall, Leonard W.
Bryson	D'Ewart	
Buchanan	Dollinger	Halleck
Buckley, Ill.	Dolliver	Hand
Buckley, N. Y.	Dondero	Harden
Burdick	Donohue	Hardy

Harris	McMillan, S. C.	Rodino
Harrison	McSweeney	Rogers, Fla.
Hart	Mack, Ill.	Rogers, Mass.
Harvey	Mack, Wash.	Rooney
Havenner	Macy	Roosevelt
Hays, Ark.	Madden	Sadlak
Hays, Ohio	Mahon	St. George
Hébert	Mansfield	Sanborn
Hedrick	Marsalis	Sasscer
Heffernan	Marshall	Saylor
Heller	Martin, Iowa	Scott, Hardie
Herlong	Martin, Mass.	Scrivner
Herter	Merrow	Scudder
Heselton	Meyer	Secrest
Hill	Michener	Shafer
Hobbs	Miles	Shelley
Hoeven	Miller, Calif.	Sheppard
Hoffman, Ill.	Miller, Md.	Short
Hoffman, Mich.	Miller, Nebr.	Sikes
Holifield	Mills	Simpson, Ill.
Holmes	Mitchell	Simpson, Pa.
Hope	Monroney	Sims
Horan	Morgan	Smathers
Howell	Morris	Smith, Va.
Huber	Morrison	Smith, Wis.
Hull	Morton	Spence
Irving	Moulder	Staggers
Jackson, Calif.	Multer	Stanley
Jackson, Wash.	Murdock	Steed
Jacobs	Murray, Tenn.	Stefan
James	Nelson	Stigler
Javits	Nicholson	Stockman
Jenison	Nixon	Sullivan
Jenkins	Noland	Sutton
Jennings	Norblad	Taber
Jensen	Norrell	Tackett
Jonas	Norton	Taurlello
Jones, Ala.	O'Brien, Ill.	Taylor
Jones, Mo.	O'Brien, Mich.	Teague
Jones, N. C.	O'Hara, Ill.	Thomas
Judd	O'Hara, Minn.	Thompson
Karst	O'Konski	Thornberry
Karsten	O'Neill	Tollefson
Kean	O'Sullivan	Towe
Kearney	O'Toole	Trimble
Kearns	Pace	Underwood
Keating	Passman	Van Zandt
Kee	Patman	Velde
Kelley, Pa.	Patten	Vinson
Kelly, N. Y.	Patterson	Vorys
Keogh	Perkins	Vursell
Kerr	Peterson	Wadsworth
Kilburn	Pfeifer,	Wagner
Kilday	Joseph L.	Walsh
King	Philbin	Walter
Kirwan	Phillips, Calif.	Weichel
Klein	Phillips, Tenn.	Welch
Kruse	Pickett	Werdel
Kunkel	Plumley	Wheeler
Lane	Poage	Whitaker
Lanham	Polk	White, Calif.
Larcade	Potter	Whitten
LeCompte	Poulson	Whittington
LeFevre	Powell	Wickersham
Lichtenwalter	Preston	Wier
Lind	Price	Wigglesworth
Linehan	Priest	Willis
Lodge	Rabaut	Wilson, Ind.
Lovre	Rains	Wilson, Okla.
Lucas	Ramsay	Wilson, Tex.
Lyle	Rankin	Withrow
Lynch	Redden	Wolcott
McCarthy	Reed, Ill.	Wolverton
McConnell	Reed, N. Y.	Wood
McCormack	Rees	Woodhouse
McCulloch	Rhodes	Woodruff
McDonough	Ribicoff	Yates
McGrath	Rich	Young
McGregor	Richards	Zablocki
McGuire	Riehlman	
McKinnon	Robeson	

NAYS—3

Clevenger	Gwinn	Marcantonio

NOT VOTING—34

Barrett, Wyo.	Keefe	Sabath
Bulwinkle	Kennedy	Sadowski
Dague	Latham	Scott,
Denton	McMillen, Ill.	Hugh D., Jr.
Dingell	Magee	Smith, Kans.
Eaton	Mason	Smith, Ohio
Gillette	Murphy	Talle
Gossett	Murray, Wis.	White, Idaho
Hall,	Pfeiffer,	Widnall
Edwin Arthur	William L.	Williams
Hare	Quinn	Winstead
Hinshaw	Regan	
Johnson	Rivers	

So the amendment was agreed to.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Sabath with Mr. Latham.

Mr. Sadowski with Mr. William L. Pfeiffer.

Mr. Murphy with Mr. Eaton.

Mr. Magee with Mr. Hugh D. Scott, Jr.

Mr. Denton with Mr. Edwin Arthur Hall.

Mr. Rivers with Mr. Smith of Ohio.

Mr. Hare with Mr. Talle.

Mr. Dingell with Mr. Mason.

Mr. Williams with Mr. Barrett of Wyoming.

Mr. Winstead with Mr. Smith of Kansas.

Mr. Regan with Mr. McMillen of Illinois.

Mr. Gossett with Mr. Hinshaw.

Mr. Kennedy with Mr. Widnall.

Mr. White of Idaho with Mr. Gillette.

Mr. Bulwinkle with Mr. Murray of Wisconsin.

Mr. NICHOLSON changed his vote from "nay to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment by Mr. WOLCOTT: On page 38, line 2, after the words "real estate", insert the word "construction."

On page 38, line 22, after the words "real estate", insert the word "construction."

On page 39, line 3, after the word "any", insert "consumer or real estate construction."

On page 39, line 5, after the word "any", insert "such"; on line 8, after the word "any", insert "such"; on line 11, after the word "any", insert "such";

On page 41, line 23, strike out all of paragraph (2) and insert in lieu thereof the following:

"(1) 'Real estate construction credit' means any credit, hereafter extended, which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, new construction on real property or real property on which there is new construction. As used in this paragraph the term 'new construction' means any structure, or any major addition or major improvement to a structure, which has not been begun before 12 o'clock meridian August 3, 1950. As used in this paragraph the term 'real property' includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term 'real estate construction credit' shall not include any loan or loans made, insured or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended.

The SPEAKER. The question is on the amendment.

Mr. SPENCE. Mr. Speaker, a vote "no" is against the amendment and a vote "aye" is for the amendment?

The SPEAKER. That is correct.

Mr. SPENCE. There seems to be some doubt about that.

Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 202, nays 188, answered "present" 5, not voting 35, as follows:

[Roll No. 229]

YEAS—202

Abbitt	Andrews	Bishop
Abernethy	Angell	Blackney
Allen, Calif.	Arends	Boggs, Del.
Allen, Ill.	Auchincloss	Bolton, Md.
Andersen,	Barden	Bolton, Ohio
H. Carl	Bates, Mass.	Boykin
Anderson, Calif.	Beall	Bramblett
Andresen,	Bennett, Mich.	Brown, Ga.
August H.	Bentsen	Brown, Ohio
Burleson	Herlong	Pickett
Burton	Herter	Plumley
Byrnes, Wis.	Hill	Poage
Camp	Hoeven	Potter
Carlyle	Hoffman, Ill.	Poulson
Case, S. Dak.	Hoffman, Mich.	Preston
Chatham	Holmes	Rankin
Chiperfield	Hope	Redden
Clevenger	Horan	Reed, Ill.
Cole, Kans.	Jackson, Calif.	Reed, N. Y.
Cole, N. Y.	James	Rees
Colmer	Jenison	Rich
Cooley	Jenkins	Richards
Cotton	Jennings	Riehlman
Coudert	Jensen	Robeson
Cox	Jonas	Rogers, Fla.
Crawford	Jones, N. C.	Rogers, Mass.
Cunningham	Judd	Sadlak
Curtis	Kearney	St. George
Davis, Ga.	Kearns	Sanborn
Davis, Tenn.	Keating	Scott, Hardie
Davis, Wis.	Kerr	Scrivner
D'Ewart	Kilburn	Scudder
Dolliver	Kilday	Secrest
Dondero	Kunkel	Shafer
Doughton	LeCompte	Short
Durham	LeFevre	Simpson, Ill.
Ellsworth	Lichtenwalter	Simpson, Pa.
Elston	Lovre	Smathers
Engel, Mich.	Lucas	Smith, Va.
Fallon	McConnell	Smith, Wis.
Fellows	McCulloch	Stanley
Fenton	McDonough	Stefan
Fernandez	McGregor	Stockman
Fisher	McMillan, S. C.	Taber
Ford	Mack, Wash.	Tackett
Gamble	Macy	Taylor
Gathings	Mahon	Teague
Gavin	Martin, Iowa	Thompson
Golden	Martin, Mass.	Tollefson
Goodwin	Merrow	Towe
Graham	Meyer	Van Zandt
Grant	Michener	Velde
Gross	Miles	Vorys
Guill	Miller, Md.	Vursell
Gwinn	Miller, Nebr.	Wadsworth
Hagen	Morton	Weichel
Hale	Murray, Tenn.	Werdel
Hall,	Nelson	Wheeler
Edwin Arthur	Nicholson	Whitten
Hall,	Nixon	Whittington
Leonard W.	Norblad	Widnall
Halleck	Norrell	Wigglesworth
Hand	O'Hara, Minn.	Wilson, Ind.
Harden	O'Konski	Wilson, Tex.
Harris	Pace	Wolcott
Harvey	Passman	Wolverton
Hays, Ohio	Patten	Wood
Hébert	Patterson	Woodruff
Hedrick	Phillips, Calif.	

NAYS—188

Addonizio	Dawson	Jones, Ala.
Albert	Deane	Jones, Mo.
Allen, La.	DeGraffenried	Karst
Aspinall	Delaney	Karsten
Bailey	Dollinger	Kean
Baring	Donohue	Kee
Barrett, Pa.	Douglas	Kelley, Pa.
Bates, Ky.	Doyle	Kelly, N. Y.
Battle	Eberharter	King
Beckworth	Elliott	Kirwan
Bennett, Fla.	Engle, Calif.	Klein
Biemiller	Evins	Kruse
Blatnik	Feighan	Lane
Boggs, La.	Flood	Lanham
Bolling	Fogarty	Larcade
Bonner	Forand	Lind
Bosone	Frazier	Linehan
Breen	Fugate	Lodge
Brooks	Furcolo	Lyle
Bryson	Garmatz	Lynch
Buchanan	Gary	McCarthy
Buckley, Ill.	Gilmer	McCormack
Burdick	Gordon	McGrath
Burke	Gore	McGuire
Burnside	Gorski	McKinnon
Byrne, N. Y.	Granahan	McSweeney
Canfield	Granger	Mack, Ill.
Cannon	Green	Madden
Carnahan	Gregory	Mansfield
Carroll	Hardy	Marcantonio
Case, N. J.	Harrison	Marsalis
Cavalcante	Hart	Marshall
Celler	Havenner	Miller, Calif.
Chelf	Hays, Ark.	Mills
Chesney	Heller	Mitchell
Christopher	Heselton	Monroney
Chudoff	Hobbs	Morgan
Clemente	Holifield	Morris
Combs	Huber	Morrison
Cooper	Hull	Moulder
Crook	Irving	Multer
Crosser	Jackson, Wash.	Murdock
Davenport	Jacobs	Noland
Davies, N. Y.	Javits	Norton

O'Brien, Ill.	Rhodes	Thornberry
O'Brien, Mich.	Ribicoff	Trimble
O'Hara, Ill.	Rodino	Underwood
O'Neill	Rooney	Vinson
O'Sullivan	Roosevelt	Wagner
O'Toole	Sasscer	Walsh
Patman	Saylor	Walter
Perkins	Shelley	Welch
Peterson	Sheppard	Whitaker
Pfeifer, Joseph L.	Sikes	White, Calif.
Philbin	Sims	Wickersham
Phillips, Tenn.	Spence	Wier
Polk	Staggers	Willis
Powell	Steed	Wilson, Okla.
Price	Stigler	Withrow
Rabaut	Sullivan	Woodhouse
Rains	Sutton	Yates
Ramsay	Tauriello	Young
	Thomas	Zablocki

ANSWERED "PRESENT"—5

Buckley, N. Y.	Fulton	Keogh
Corbett	Heffernan	

NOT VOTING—35

Barrett, Wyo.	Keefe	Rivers
Brehm	Kennedy	Sabath
Bulwinkle	Latham	Sadowski
Dague	McMillen, Ill.	Scott, Hugh D., Jr.
Denton	Magee	Smith, Kans.
Dingell	Mason	Smith, Ohio
Eaton	Murphy	Talle
Gillette	Murray, Wis.	White, Idaho
Gossett	Pfeiffer, William L.	Williams
Hare	Priest	Winstead
Hinshaw	Quinn	
Howell	Regan	
Johnson		

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Keogh for, with Mr. Sabath against.

Mr. Buckley of New York for, with Mr. Dingell against.

Mr. Heffernan for, with Mr. Sadowski against.

Mr. Mason for, with Mr. Fulton against.

Mr. Smith of Ohio for, with Mr. Corbett against.

Additional general pairs:

Mr. Denton with Mr. McMillan of South Carolina.

Mr. Murphy with Mr. Eaton.

Mr. Kennedy with Mr. Barrett of Wyoming.

Mr. Magee with Mr. Smith of Kansas.

Mr. Williams with Mr. Hugh D. Scott, Jr.

Mr. Winstead with Mr. Hinshaw.

Mr. Rivers with Mr. Latham.

Mr. Regan with Mr. Brehm.

Mr. Hare with Mr. Talle.

Mr. Howell with Mr. Johnson.

Mr. Gossett with Mr. William L. Pfeiffer.

Mr. White of Idaho with Mr. Keefe.

Mr. KEOGH. Mr. Speaker, I have a live pair with the gentleman from Illinois, Mr. SABATH. If he were present he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

Mr. BUCKLEY of New York. Mr. Speaker, I have a live pair with the gentleman from Michigan, Mr. DINGELL. If he were present he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

Mr. HEFFERNAN. Mr. Speaker, I have a live pair with the gentleman from Michigan, Mr. SADOWSKI. If he were present, he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

Mr. CORBETT. Mr. Speaker, I have a live pair with the gentleman from Ohio, Mr. SMITH. If he were present, he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

Mr. FULTON. Mr. Speaker, I have a live pair with the gentleman from Illinois, Mr. MASON. If he were present, he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

Mr. HART changed his vote from "yea" to "nay."

Mr. HERLONG changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: On page 42, line 5, strike out all of paragraph (3) and on page 39, line 3, after the word "any", insert "consumer or real estate."

Mr. SPENCE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 173, nays 224, not voting 33, as follows.

[Roll No. 230]

YEAS—173

Abbitt	Guill	Nixon
Abernethy	Gwinn	Norblad
Allen, Calif.	Hagen	Norrell
Allen, Ill.	Hale	O'Hara, Minn.
Andersen, H. Carl	Hall, Edwin Arthur	O'Konski
Anderson, Calif.	Hall, Leonard W.	Passman
Andresen, August H.	Halleck	Patterson
Arends	Hand	Phillips, Calif.
Auchincloss	Harden	Pickett
Barden	Harvey	Plumley
Bates, Mass.	Hébert	Poage
Beall	Herlong	Potter
Bennett, Mich.	Herter	Poulson
Bentsen	Heselton	Preston
Bishop	Hill	Rankin
Blackney	Hoeven	Reed, Ill.
Boggs, Del.	Hoffman, Ill.	Reed, N. Y.
Bolton, Ohio	Hoffman, Mich.	Rees
Boykin	Holmes	Rich
Bramblett	Hope	Riehlman
Brown, Ohio	Horan	Robeson
Burleson	Jackson, Calif.	Rogers, Mass.
Byrnes, Wis.	James	Sadlak
Camp	Jenison	St. George
Carlyle	Jenkins	Sanborn
Case, S. Dak.	Jennings	Scott, Hardie
Chiperfield	Jensen	Scrivner
Clevenger	Jonas	Scudder
Cole, Kans.	Judd	Shafer
Cole, N. Y.	Kean	Simpson, Ill.
Cooley	Kearney	Simpson, Pa.
Cotton	Kearns	Smith, Va.
Coudert	Kilburn	Smith, Wis.
Cox	Kilday	Stanley
Crawford	Kunkel	Stefan
Cunningham	LeCompte	Stockman
Curtis	LeFevre	Taber
Davis, Ga.	Lichtenwalter	Taylor
Davis, Wis.	Lovre	Teague
D'Ewart	Lucas	Tollefson
Dolliver	McConnell	Towe
Dondero	McCulloch	Van Zandt
Ellsworth	McDonough	Velde
Elston	McGregor	Vorys
Engel, Mich.	Mack, Wash.	Vursell
Fellows	Macy	Wadsworth
Fenton	Martin, Iowa	Weichel
Fisher	Martin, Mass.	Werdel
Ford	Merrow	Wheeler
Gamble	Meyer	Whittington
Gathings	Michener	Widnall
Gavin	Miller, Md.	Wigglesworth
Golden	Miller, Nebr.	Wilson, Ind.
Goodwin	Morton	Wilson, Tex.
Graham	Murray, Tenn.	Wolcott
Grant	Nelson	Wolverton
Gross	Nicholson	Wood
		Woodruff

NAYS—224

Addonizio	Aspinall	Battle
Albert	Bailey	Beckworth
Allen, La.	Baring	Bennett, Fla.
Andrews	Barrett, Pa.	Biemiller
Angell	Bates, Ky.	Blatnik
Boggs, La.	Granger	Noland
Bolling	Green	Norton
Bolton, Md.	Gregory	O'Brien, Ill.
Bonner	Hardy	O'Brien, Mich.
Bosone	Harris	O'Hara, Ill.
Breen	Harrison	O'Neill
Brooks	Hart	O'Sullivan
Brown, Ga.	Havenner	O'Toole
Bryson	Hays, Ark.	Pace
Buchanan	Hays, Ohio	Patman
Buckley, Ill.	Hedrick	Patten
Buckley, N. Y.	Heffernan	Perkins
Burdick	Heller	Peterson
Burke	Hobbs	Pfeifer, Joseph L.
Burnside	Holifield	Philbin
Burton	Howell	Phillips, Tenn.
Byrne, N. Y.	Huber	Polk
Canfield	Hull	Powell
Cannon	Irving	Price
Carnahan	Jackson, Wash.	Priest
Carroll	Jacobs	Rabaut
Case, N. J.	Javits	Rains
Cavalcante	Jones, Ala.	Ramsay
Celler	Jones, Mo.	Redden
Chatham	Jones, N. C.	Rhodes
Chelf	Karst	Ribicoff
Chesney	Karsten	Richards
Christopher	Keating	Rodino
Chudoff	Kee	Rogers, Fla.
Clemente	Kelley, Pa.	Rooney
Colmer	Kelly, N. Y.	Roosevelt
Combs	Keogh	Sasscer
Cooper	Kerr	Saylor
Corbett	King	Secrest
Crook	Kirwan	Shelley
Crosser	Klein	Sheppard
Davenport	Kruse	Sikes
Davies, N. Y.	Lane	Sims
Davis, Tenn.	Lanham	Smathers
Dawson	Larcade	Spence
Deane	Lind	Staggers
DeGraffenried	Linehan	Steed
Delaney	Lodge	Stigler
Dollinger	Lyle	Sullivan
Donohue	Lynch	Sutton
Doughton	McCarthy	Tackett
Douglas	McCormack	Tauriello
Doyle	McGrath	Thomas
Durham	McGuire	Thompson
Eberharter	McKinnon	Thornberry
Elliott	McMillan, S. C.	Trimble
Engle, Calif.	McSweeney	Underwood
Evins	Mack, Ill.	Vinson
Fallon	Madden	Wagner
Feighan	Mahon	Walsh
Fernandez	Mansfield	Walter
Flood	Marcantonio	Welch
Fogarty	Marsalis	Whitaker
Forand	Marshall	White, Calif.
Frazier	Miles	Whitten
Fugate	Miller, Calif.	Wickersham
Fulton	Mills	Wier
Furcolo	Mitchell	Willis
Garmatz	Monroney	Wilson, Okla.
Gary	Morgan	Withrow
Gilmer	Morris	Woodhouse
Gordon	Morrison	Yates
Gore	Moulder	Young
Gorski	Multer	Zablocki
Granahan	Murdock	

NOT VOTING—33

Barrett, Wyo.	Keefe	Rivers
Brehm	Kennedy	Sabath
Bulwinkle	Latham	Sadowski
Dague	McMillen, Ill.	Scott, Hugh D., Jr.
Denton	Magee	Smith, Kans.
Dingell	Mason	Smith, Ohio
Eaton	Murphy	Talle
Gillette	Murray, Wis.	White, Idaho
Gossett	Pfeiffer, William L.	Williams
Hare	Quinn	Winstead
Hinshaw	Regan	
Johnson		

So the amendment was rejected.

The Clerk announced the following pairs:

Additional general pairs:

Mr. Murphy with Mr. William L. Pfeiffer.

Mr. Magee with Mr. Smith of Ohio.

Mr. Kennedy with Mr. Talle.

Mr. Rivers with Mr. Gillette.

Mr. Regan with Mr. Smith of Kansas.

Mr. Hare with Mr. Eaton.

Mr. Denton with Mr. Brehm.

Mr. Dingell with Mr. Barrett of Wyoming.

Mr. Gossett with Mr. Latham.

Mr. Sabath with Mr. McMillen of Illinois.

Mr. Sadowski with Mr. Mason.
Mr. Williams with Mr. Hugh D. Scott, Jr.
Mr. Winstead with Mr. Johnson.
Mr. White of Idaho with Mr. Keefe.

Messrs. RAINS and BUCKLEY of New York changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. COOLEY: On pages 44, 45 and 46, strike out all of section 411.

The SPEAKER. The question is on the amendment.

Mr. SPENCE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 198, nays 194, answered "present" 3, not voting 35, as follows:

[Roll No. 231]

YEAS—198

Abbitt	Gavin	Miller, Nebr.
Abernethy	Golden	Morrison
Allen, Calif.	Goodwin	Murray, Tenn.
Allen, Ill.	Gore	Nicholson
Andersen, H. Carl	Graham	Nixon
	Grant	Norrell
Anderson, Calif.	Guill	O'Hara, Minn.
Andresen, August H.	Gwinn	Pace
	Hagen	Passman
Andrews	Hale	Patterson
Arends	Hall, Edwin Arthur	Phillips, Calif.
Auchincloss		Pickett
Barden	Hall, Leonard W.	Plumley
Bates, Mass.		Poage
Battle	Halleck	Poulson
Beall	Harden	Preston
Bishop	Hardy	Rains
Blackney	Harris	Rankin
Boggs, Del.	Harrison	Redden
Boggs, La.	Harvey	Reed, Ill.
Bolton, Md.	Hays, Ark.	Reed, N. Y.
Bolton, Ohio	Hébert	Rees
Bonner	Herlong	Rich
Boykin	Herter	Richards
Bramblett	Hill	Riehlman
Brown, Ga.	Hobbs	Robeson
Brown, Ohio	Hoeven	Rogers, Fla.
Bryson	Hoffman, Mich.	Rogers, Mass.
Burleson	Holmes	Sadlak
Burton	Hope	St. George
Byrnes, Wis.	Horan	Sanborn
Camp	Jackson, Calif.	Saylor
Carlyle	James	Scrivner
Case, S. Dak.	Jenison	Scudder
Chatham	Jenkins	Shafer
Chiperfield	Jennings	Short
Clevenger	Jensen	Simpson, Ill.
Cole, Kans.	Jonas	Simpson, Pa.
Colmer	Jones, Ala.	Sims
Cooley	Jones, Mo.	Smathers
Cooper	Jones, N. C.	Smith, Va.
Cotton	Judd	Smith, Wis.
Cox	Kearney	Stanley
Crawford	Kearns	Stefan
Cunningham	Kerr	Stockman
Curtis	Kilburn	Sutton
Davis, Ga.	Kilday	Taber
Davis, Tenn.	Larcade	Tackett
Davis, Wis.	LeCompte	Taylor
Deane	LeFevre	Teague
DeGraffenried	Lichtenwalter	Van Zandt
D'Ewart	Lovre	Velde
Dolliver	Lucas	Vursell
Dondero	Lyle	Wadsworth
Doughton	McConnell	Weichel
Durham	McCulloch	Werdel
Elliott	McDonough	Wheeler
Ellsworth	McGregor	Whitten
Elston	McMillan, S. C.	Whittington
Engel, Mich.	Mack, Wash.	Wigglesworth
Fellows	Macy	Willis
Fenton	Mahon	Wilson, Ind.
Fisher	Martin, Iowa	Wilson, Tex.
Frazier	Martin, Mass.	Wolcott
Fugate	Merrow	Wood
Gamble	Meyer	Woodruff
Gary	Michener	
Gathings	Miller, Md.	

NAYS—194

Addonizio	Gorski	Norblad
Albert	Granahan	Norton
Allen, La.	Granger	O'Brien, Ill.
Aspinall	Green	O'Brien, Mich.
Bailey	Gregory	O'Hara, Ill.
Baring	Gross	O'Konski
Barrett, Pa.	Hand	O'Neill
Bates, Ky.	Hart	O'Sullivan
Beckworth	Havenner	O'Toole
Bennett, Fla.	Hays, Ohio	Patman
Bennett, Mich.	Hedrick	Patten
Bentsen	Heffernan	Perkins
Biemiller	Heller	Peterson
Blatnik	Heselton	Pfeifer, Joseph L.
Bolling	Holifield	
Bosone	Howell	Philbin
Breen	Huber	Phillips, Tenn.
Brooks	Hull	Polk
Buchanan	Irving	Potter
Buckley, Ill.	Jackson, Wash.	Powell
Buckley, N. Y.	Jacobs	Price
Burdick	Javits	Priest
Burke	Karst	Rabaut
Burnside	Karsten	Ramsay
Byrne, N. Y.	Kean	Rhodes
Canfield	Kee	Ribicoff
Cannon	Kelley, Pa.	Rodino
Carnahan	Kelly, N. Y.	Rooney
Carroll	Keogh	Roosevelt
Case, N. J.	King	Sasscer
Cavalcante	Kirwan	Scott, Hardie
Celler	Klein	Secrest
Chelf	Kruse	Shelley
Chesney	Kunkel	Sheppard
Christopher	Lane	Sikes
Chudoff	Lanham	Spence
Clemente	Lind	Staggers
Combs	Linehan	Steed
Corbett	Lodge	Stigler
Coudert	Lynch	Sullivan
Crook	McCarthy	Tauriello
Crosser	McCormack	Thomas
Davenport	McGrath	Thornberry
Davies, N. Y.	McGuire	Tollefson
Dawson	McKinnon	Towe
Delaney	McSweeney	Trimble
Dollinger	Mack, Ill.	Underwood
Donohue	Madden	Vinson
Douglas	Mansfield	Vorys
Doyle	Marcantonio	Wagner
Eberharter	Marsalis	Walsh
Engle, Calif.	Marshall	Walter
Evins	Miles	Welch
Fallon	Miller, Calif.	Whitaker
Feighan	Mills	White, Calif.
Fernandez	Mitchell	Wickersham
Flood	Monroney	Widnall
Fogarty	Morgan	Wier
Forand	Morris	Wilson, Okla.
Ford	Morton	Withrow
Fulton	Moulder	Wolverton
Furcolo	Multer	Woodhouse
Garmatz	Murdock	Yates
Gilmer	Nelson	Young
Gordon	Noland	Zablocki

ANSWERED "PRESENT"—3

Angell	Keating	Thompson

NOT VOTING—35

Barrett, Wyo.	Johnson	Rivers
Brehm	Keefe	Sabath
Bulwinkle	Kennedy	Sadowski
Cole, N. Y.	Latham	Scott, Hugh D., Jr.
Dague	McMillen, Ill.	
Denton	Magee	Smith, Kans.
Dingell	Mason	Smith, Ohio
Eaton	Murphy	Talle
Gillette	Murray, Wis.	White, Idaho
Gossett	Pfeiffer, William L.	Williams
Hare		Winstead
Hinshaw	Quinn	
Hoffman, Ill.	Regan	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Thompson for, with Mr. Sabath against.
Mr. Smith of Ohio for, with Mr. Keating against.
Mr. Murray of Wisconsin for, with Mr. Angell against.

Additional general pairs:

Mr. Murphy with Mr. Talle.
Mr. Magee with Mr. Hinshaw.
Mr. Dingell with Mr. Johnson.
Mr. Denton with Mr. Eaton.
Mr. Kennedy with Mr. Gillette.
Mr. Gossett with Mr. Brehm.
Mr. Sadowski with Mr. Cole of New York.
Mr. Regan with Mr. Barrett of Wyoming.
Mr. Hare with Mr. Latham.
Mr. Rivers with Mr. Mason.
Mr. Williams with Mr. McMillen of Illinois.
Mr. Winstead with Mr. William L. Pfeiffer.
Mr. White of Idaho with Mr. Dague.

Mr. CANNON changed his vote from "yea" to "nay."

Mr. MCGREGOR, MRS. BOLTON of Ohio, and Mr. WEICHEL changed their vote from "nay" to "yea."

Mr. THOMPSON. Mr. Speaker, I have a live paid with the gentleman from Illinois, Mr. SABATH. If he were present, he would have voted "nay." I voted "yea." I withdraw my vote and vote "present."

Mr. ANGELL. Mr. Speaker, I have a live pair with the gentleman from Wisconsin, Mr. MURRAY. If he were present, he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

Mr. KEATING. Mr. Speaker, I have a live pair with the gentleman from Ohio, Mr. SMITH. If he were present, he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the committee substitute amendment as amended.

The committee substitute amendment as amended was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. NICHOLSON. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. NICHOLSON. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. NICHOLSON moves to recommit the bill to the Committee on Banking and Currency for further study and action.

The SPEAKER. The question is on the motion to recommit.

Mr. NICHOLSON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. SPENCE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 383, nays 12, answered "present" 1, not voting 34, as follows:

[Roll No. 232]

YEAS—383

Abbitt	Andresen, August H.	Baring
Abernethy		Barrett, Pa.
Addonizio	Andrews	Bates, Ky.
Albert	Angell	Bates, Mass.
Allen, Calif.	Arends	Battle
Allen, La.	Aspinall	Beall
Andersen, H. Carl	Auchincloss	Beckworth
	Bailey	Bennett, Fla.
Anderson, Calif.	Barden	Bennett, Mich.

Bentsen	Golden	Mack, Wash.
Biemiller	Goodwin	Macy
Bishop	Gordon	Madden
Blackney	Gore	Mahon
Blatnik	Gorski	Mansfield
Boggs, Del.	Graham	Marsalis
Boggs, La.	Granahan	Marshall
Bolling	Granger	Martin, Iowa
Bolton, Md.	Grant	Martin, Mass.
Bolton, Ohio	Green	Merrow
Bonner	Gregory	Meyer
Bosone	Gross	Michener
Boykin	Guill	Miles
Bramblett	Hagen	Miller, Calif.
Breen	Hale	Miller, Md.
Brehm	Hall,	Miller, Nebr.
Brooks	Edwin Arthur	Mills
Brown, Ga.	Hall,	Mitchell
Brown, Ohio	Leonard W.	Monroney
Bryson	Halleck	Morgan
Buchanan	Hand	Morris
Buckley, Ill.	Harden	Morrison
Buckley, N. Y.	Hardy	Morton
Burdick	Harris	Moulder
Burke	Harrison	Multer
Burleson	Hart	Murdock
Burnside	Harvey	Murray, Tenn.
Burton	Havenner	Nelson
Byrne, N. Y.	Hays, Ark.	Nixon
Byrnes, Wis.	Hays, Ohio	Noland
Camp	Hébert	Norblad
Canfield	Hedrick	Norrell
Cannon	Heffernan	Norton
Carlyle	Heller	O'Brien, Ill.
Carnahan	Herlong	O'Brien, Mich.
Carroll	Herter	O'Hara, Ill.
Case, N. J.	Heselton	O'Hara, Minn.
Case, S. Dak.	Hill	O'Konski
Cavalcante	Hobbs	O'Neill
Celler	Hoeven	O'Sullivan
Chatham	Hoffman, Ill.	O'Toole
Chelf	Holifield	Pace
Chesney	Holmes	Passman
Chiperfield	Hope	Patman
Christopher	Horan	Patten
Chudoff	Howell	Patterson
Clemente	Huber	Perkins
Cole, Kans.	Hull	Peterson
Colmer	Irving	Pfeifer,
Combs	Jackson, Calif.	Joseph L.
Cooley	Jackson, Wash.	Philbin
Cooper	Jacobs	Phillips, Tenn.
Corbett	James	Pickett
Cotton	Javits	Plumley
Coudert	Jenkins	Poage
Cox	Jennings	Polk
Crook	Jensen	Potter
Crosser	Jonas	Poulson
Cunningham	Jones, Ala.	Powell
Curtis	Jones, Mo.	Preston
Davenport	Jones, N. C.	Price
Davies, N. Y.	Judd	Priest
Davis, Ga.	Karst	Rabaut
Davis, Tenn.	Karsten	Rains
Davis, Wis.	Kean	Ramsay
Dawson	Kearney	Redden
Deane	Kearns	Reed, Ill.
DeGraffenried	Keating	Reed, N. Y.
Delaney	Kee	Rees
D'Ewart	Kelley, Pa.	Rhodes
Dollinger	Kelly, N. Y.	Ribicoff
Dolliver	Keogh	Richards
Dondero	Kerr	Riehlman
Donohue	Kilburn	Robeson
Doughton	Kilday	Rodino
Douglas	King	Rogers, Fla.
Doyle	Kirwan	Rogers, Mass.
Durham	Klein	Rooney
Eberharter	Kruse	Roosevelt
Elliott	Kunkel	Sadlak
Ellsworth	Lane	St. George
Elston	Lanham	Sasscer
Engel, Mich	Larcade	Saylor
Engle, Calif	LeCompte	Scott, Hardie
Evins	LeFevre	Scrivner
Fallon	Lichtenwalter	Scudder
Feighan	Lind	Secrest
Fellows	Linehan	Shafer
Fenton	Lodge	Shelley
Fernandez	Lovre	Sheppard
Fisher	Lucas	Short
Flood	Lyle	Sikes
Fogarty	Lynch	Simpson, Pa.
Forand	McCarthy	Sims
Ford	McConnell	Smathers
Frazier	McCormack	Smith, Va.
Fugate	McCulloch	Smith, Wis.
Fulton	McDonough	Spence
Furcolo	McGrath	Staggers
Gamble	McGregor	Stanley
Garmatz	McGuire	Steed
Gary	McKinnon	Stefan
Gathings	McMillan, S. C.	Stigler
Gavin	McSweeney	Stockman
Gilmer	Mack, Ill.	Sullivan
Sutton	Vorys	Wigglesworth
Taber	Vursell	Willis
Tackett	Wadsworth	Wilson, Ind.
Tauriello	Wagner	Wilson, Okla.
Taylor	Walsh	Wilson, Tex.
Teague	Walter	Withrow
Thomas	Weichel	Wolcott
Thompson	Welch	Wolverton
Thornberry	Wheeler	Wood
Tollefson	Whitaker	Woodhouse
Towe	White, Calif.	Woodruff
Trimble	Whitten	Yates
Underwood	Whittington	Young
Van Zandt	Wickersham	Zablocki
Velde	Widnall	
Vinson	Wier	

NAYS—12

Allen, Ill.	Jenison	Rich
Crawford	Marcantonio	Sanborn
Gwinn	Nicholson	Simpson, Ill.
Hoffman, Mich.	Phillips, Calif.	Werdel

ANSWERED "PRESENT"—1

Rankin

NOT VOTING—34

Barrett, Wyo.	Johnson	Regan
Bulwinkle	Keefe	Rivers
Clevenger	Kennedy	Sabath
Cole, N. Y.	Latham	Sadowski
Dague	McMillen, Ill.	Scott,
Denton	Magee	Hugh D., Jr.
Dingell	Mason	Smith, Kans.
Eaton	Murphy	Smith, Ohio
Gillette	Murray, Wis.	Talle
Gossett	Pfeiffer,	White, Idaho
Hare	William L.	Williams
Hinshaw	Quinn	Winstead

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Hugh D. Scott, Jr., for, with Mr. Mason against.

Mr. William L. Pfeiffer for, with Mr. Smith of Ohio, against.

Additional general pairs:

Mr. Murphy with Mr. Talle.
Mr. Magee with Mr. Johnson.
Mr. Williams with Mr. Eaton.
Mr. Winstead with Mr. Latham.
Mr. Dingell with Mr. Keefe.
Mr. Denton with Mr. Smith of Kansas.
Mr. Kennedy with Mr. Hinshaw.
Mr. Hare with Mr. Gillette.
Mr. Regan with Mr. Dague.
Mr. Rivers with Mr. Cole of New York.
Mr. Sadowski with Mr. Barrett of Wyoming.
Mr. Sabath with Mr. Murray of Wisconsin.
Mr. Gossett with Mr. McMillen of Illinois.
Mr. White of Idaho with Mr. Clevenger.

Mr. WHEELER changed his vote from "nay" to "yea."

Mr. RANKIN changed his vote from "nay" to "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to have printed the bill H. R. 9176 as it passed the House, and the Clerk be authorized to make corrections in title and section numbers.

The SPEAKER. Is there objection?

There was no objection.

The bill is as follows:

Be it enacted, etc., That this act, divided into titles, may be cited as the "Defense Production Act of 1950."

TABLE OF CONTENTS

Title I. Priorities and allocations.
Title II. Price and wage stabilization.
Title III. Authority to requisition.
Title IV. Expansion of productive capacity and supply.
Title V. Control of credit and commodity speculation.
Title VI. General provisions.

DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this act to promote the national defense, by meeting, promptly and effectively, the requirements of military programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use within the framework, as far as practicable, of the American system of competitive enterprise.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

SEC. 102. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than 1 year, or both.

SEC. 103. It is hereby made unlawful for any person wilfully to hoard any necessities. The term "necessaries" as used in this section means foods; feeds; wearing apparel; automobile tires; containers primarily designed or intended for containing foods, feeds, or fertilizers; fuel, including fuel oil and natural gas; fertilizer and fertilizer ingredients; tools, utensils, implements, machinery, and equipment required for the actual production of the above-named articles and materials; and any other articles and materials the equitable distribution of which the President shall find, and shall by proclamation declare, to be essential to carry out the purposes of this act. Necessaries shall be deemed to be hoarded within the meaning of this section when either (a) held, contracted for, or arranged for by any person in a quantity in excess of his reasonable requirements for use or consumption by himself and dependents for a reasonable time; (b) held, contracted for, or arranged for by any manufacturer, wholesaler, retailer, or other dealer in a quantity in excess of the reasonable requirements of his business

for use or sale by him for a reasonable time or reasonably required to furnish necessaries produced in surplus quantities seasonably throughout the periad of scant or no production, or (c) withheld whether by possession or under any contract or arrangement from the market by any person for the purpose of unreasonably increasing or diminishing the price: *Provided,* That this section shall not apply to futures trading transactions on any commodity exchange or board of trade.

TITLE II

PRICE AND WAGE STABILIZATION

SEC. 201. It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: to prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions, or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of Congress that the authority conferred by this title shall be exercised in accordance with the policies set forth in section 2 of this act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

SEC. 202. (a) In order to carry out the objectives of this title, the President may encourage and promote voluntary action by business, agriculture, labor, and consumers. In proceeding under this subsection the President may exercise the authority to approve voluntary programs and agreements conferred on him under sections 708 and 712, and may utilize the services of persons and agencies as provided in section 710.

(b) Where the objectives of this title cannot be attained by action under subsection (a), the President may issue regulations and orders at the same time, both

(1) establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service; and

(2) establishing a ceiling or ceilings on wages, salaries, and other compensation paid to or received by any person for any type of employment; and regulations prohibiting increases in wages, salaries, and other compensation, except when deemed necessary by the President to prevent gross inequity or to effectuate the purposes of this act, shall be issued whenever an increase in wages, salaries, or other compensation (A) would require increases in price ceilings established under paragraph (1) of this subsection, or (B) would impose an undue burden on a seller operating under a price ceiling established under paragraph (1) of this subsection.

Action under this subsection may be taken either with respect to individual materials and services, or with respect to materials and services generally.

Wages, salaries, and other compensation shall be stabilized generally whenever ceilings on prices, including retail sales prices, have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living.

(c) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the period from May 24 to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. The President shall also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this act. From time to time the President shall adjust ceilings, and in determining and adjusting ceilings on prices with respect to materials and services, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or service, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or by persons performing the service, subsequent to June 24, 1950: *Provided,* That no regulation or order shall contain any provision requiring the determination of costs otherwise than in accordance with established accounting methods. In stabilizing and adjusting wages, salaries, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such wages, salaries, or other compensation. Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order.

(d) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except as provided in this subsection.

(2) No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor Management Relation Act, 1947, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

(3) No ceiling shall be established or maintained for any agricultural commodity below the higher of the following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the highest price received by producers during the period from May 24, 1950, to June 24, 1950, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (iii) if for the year 1950 a producer normally does not market a commodity during the period from May 24, 1950, to June 24, 1950, the highest price received by such producer during the first 30-day period following May 24, 1950, in which such commodity is normally marketed; and no ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the higher price therefor specified in this subsection: *Provided,* That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing. Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural commodity. Nothing contained in this act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such act. Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher: *Provided, however,* That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milks, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas.

(e) The authority conferred by this title shall not be exercised with respect to the following:

(i) Rentals for real property;

(ii) Rates or fees charged for professional services;

(iii) Prices or rentals (a) for materials furnished for publication by any press association or feature service, (b) books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities;

(iv) Rates charged by any person in the business of selling or underwriting insurance;

(v) Rates charged by any common carrier or other public utility;

(vi) Margin requirements on any commodity exchange.

(f) The President, in or by any regulation or order, may provide exemptions for any materials or services, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials or services, or transactions therein, or that compensation for such types of employment be stabilized, in order to effectuate the purposes of this title.

SEC. 203. The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, or requirement under this title.

SEC. 204. In carrying out the provisions of this title, the President shall, so far as practicable, advice and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

SEC. 205. (a) It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing.

(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

SEC. 206. Nothing in this title shall be construed to require any person to sell any material or service, or to perform personal services.

SEC. 207. (a) At any time within 6 months after the effective date of any regulation or order under this title, or, in the case of new grounds arising after the effective date of any such regulation or order, within 6 months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than 30 days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

(b) In the administration of this title the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of title VII of this act.

(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: *Provided, however,* That upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

SEC. 208. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within 30 days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiciton to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided,* That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest of such evidence and shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by the President, any such evidence shall be presented directly to the court.

(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of 30 days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such 30 days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation, order, price schedule, or wage, salary, or other compensation schedule issued under this title. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title.

(d) Within 30 days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under this title, and of any provision of any such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

SEC. 209. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 205 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a

showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order, shall be granted without bond.

(b) Any person who willfully violates any provision of section 205 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than 1 year or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material or service for use or consumption other than in the course of trade or business may, within one year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus $10,000, or (2) an amount not less than $25 nor more than $50 as the court in its discretion may determine: *Provided, however,* That such amount shall be the amount of the overcharge, or overcharges, if the defendant proves that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within 30 days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such 1-year period. If such action is instituted by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered. The President may not institute any action under this subsection on behalf of the United States—

(1) if the violation arose because the person selling the material or service acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

(2) if the violation arose out of the sale of any material or service to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

SEC. 210. As used in this title—

(a) The word "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided,* That no punishment provided by this act shall apply to the United States, or to any such government, political subdivision, or Government agency.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

(c) The word "facilities" shall not include farms, churches or other places of worship, or private dwelling houses.

(d) The term "national defense" means the operations and activities of the Armed Forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.

(e) The words "wages, salaries, and other compensation" shall include all forms of remuneration to employees by their employers for personal services, including, but without limitation, vacation and holding payments, night shift and other bonuses, incentive payments, year-end bonuses, employer contributions to or payments of insurance or welfare benefits, employer contributions to a pension fund or annuity, payments in kind, and premium overtime payments.

TITLE III—AUTHORITY TO REQUISITION

SEC. 301. Whenever the President determines (1) that the use of any equipment, supplies, or component parts therof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) where the President finds that all other means of acquiring or obtaining the use of such property for the defense of the United States upon fair and reasonable terms have been exhausted, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall promptly be paid 75 percent of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district court of the United States within 3 years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation. Whenever the need for the national defense of any property requisitioned under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided,* That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

TITLE IV—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 401. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be related to efforts or undertakings on the part of the United States or an agency thereof which are designed to meet the necessities of the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guaranty and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guaranty made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or account-ability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations, as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 402. To assist in carrying out the objectives of this act, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises for the expansion of capacity, the development of technological processes, or the production of essential materials including the exploration, development,

and mining of strategic and critical metals and minerals. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 403. (a) To assist in carrying out the objectives of this act, the President may make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

(b) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

SEC. 404. (a) For the purposes of sections 402 and 403, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

(b) Any corporation created under this section—

(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

(2) shall have it powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similiarly published;

(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said act.

(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out its functions under this title: *Provided,* That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchase of the obligations of any corporation hereunder.

TITLE V—CONTROL OF CREDIT

SUBTITLE A—CONSUMER AND REAL-ESTATE CREDIT

SEC. 501. (a) To assist in carrying out the purposes of this act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer and real-estate construction credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this subtitle or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider among other factors, (1) the level and trend of consumer and real-estate construction credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

(b) No person shall extend or maintain any consumer or real-estate construction credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any such credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any such credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any such credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than 1 year, or both.

(d) To assist in carrying out the purposes of this subtitle, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(e) Any rules, regulations, or orders for real estate credit shall not restrict loans made by private lenders to any percentage of value or maturity less than the maximum authorized for any loans of like classifications authorized to be made, insured, or guaranteed by the Government or any Government-owned agency or instrumentality, nor shall any rule, regulation, or order otherwise discriminate in favor of Government loans or Government insured or guaranteed loans against private loans.

(f) For the purposes of this subtitle, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, and accounting terms, insofar as any such definitions are not inconsistent with the provisions of this subtitle:

(1) "Consumer credit" means credit which the obligor undertakes to pay in two or more payments, or any other credit: *Provided,* That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semidurable goods which are used or usable for personal, family, or household purposes, or any accessory, insurance, or service connected with any such goods or any interest therein.

(2) "Real estate construction credit" means any credit hereafter extended, which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, new construction on real property or real property on which there is new construction. As used in this paragraph the term "new construction" means any structure, or any major addition or major improvement to a structure, which has not been begun before 12 o'clock meridian, August 3, 1950. As used in this paragraph the term "real property" includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term "real estate construction credit" shall not include any loan or loans made, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended.

(3) "Credit" means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or users has the option of becoming the owner thereof obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of,

or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(4) "Person," in addition to the definition given it by section 502 (a) of this act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the criminal penalties of this subtitle shall not be applicable to the United States, any State, or other governmental agency or instrumentality.

SEC. 502. To assist in carrying out the objectives of this act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall preserve the relative credit preferences accorded to veterans under existing law.

TITLE VI—GENERAL PROVISIONS

SEC. 601. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this act;

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations or orders, or amendments thereto, issued under authority of this act, and in their formation consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this act; and

(iv) in administering this act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

SEC. 602. As used in this act—

(a) The word "person" shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

SEC. 603. The President may delegate any power or authority conferred upon him by this act to any officer or agency of the Government, including any new agency or agencies which are hereby authorized to be created by the President when deemed necessary, and may authorize such redelegations by that officer or agency as the President may deem appropriate. The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix the compensation therefor, without regard to the Classification Act of 1949, as amended, at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government. Attorneys appointed under this section may appear for and represent the agency in any case in any court. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this act.

SEC. 604. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this act. Any regulation or order under this act may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of this act.

SEC. 605. (a) The President shall be entitled, while this act is in effect and for a period of 2 years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority, and it is assured that no adequate and authoritative data are available from any Federal or other responsible agency.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided*, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than 1 year, or both.

SEC. 606. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this act to enforce any liability or duty created by, or to enjoin any violation of, this act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this act.

SEC. 607. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to title I of this act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 608. (a) No act or omission to act pursuant to this act which occurs while this act is in effect, if requested by the President and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only

upon the condition that such official consult with the Attorney General and the Chairman of the Federal Trade Commission not less than 10 days before making any request or finding thereunder and that if any objection is made by the Attorney General or by the Chairman of the Federal Trade Commission within that period, the President or such person as he may designate shall approve or disapprove the request.

(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

(d) The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this act. The Attorney General shall submit to the Congress and the President within 90 days after the approval of this act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

SEC. 609. The functions exercised under this act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

SEC. 610. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that act.

(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U. S. C., sec. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

SEC. 611. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this act by the President and such agencies as he may designate or create. Funds made available for the purpose of this act may be allocated or transferred for any of the purposes of this act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this act. Funds so allocated or transferred shall remain available for such period as may be specified in the acts making such funds available.

SEC. 612. If any provision of this act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 613. That no person may be employed under this act who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation or fund contained in this act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than 1 year: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 614. This act and all authority conferred hereunder shall terminate June 30, 1951, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate.

GENERAL LEAVE TO EXTEND REMARKS

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to revise and extend their remarks on the bill H. R. 9176.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERSONAL EXPLANATION

Mr. CANNON. Mr. Speaker, I am recorded as not voting on roll call No. 230. I was present in the Chamber, and I ask to be recorded as voting "no."

The SPEAKER. Without objection, the correction will be made.

There was no objection.

PROGRAM FOR WEEK OF AUGUST 14

Mr. MARTIN of Massachusetts. Mr. Speaker, I take this time to find out from our distinguished majority leader as to the program for next week.

Mr. McCORMACK. Monday: There is a discharge petition which it is in order to call up on Monday but I cannot advise the Members whether it will be called up or not because any one of those who signed the petition can call it up. I am sorry I cannot give any definite information, but I am not going to take any responsibility that I am not reasonably certain I can carry out if I make a promise with reference to it.

Mr. MARTIN of Massachusetts. The assumption is that the bill will be called up.

Mr. McCORMACK. From information that I have received the assumption is that it will be called. I think my friend from Massachusetts will agree with that. Am I correct?

Mr. MARTIN of Massachusetts. That is what I understand.

Mr. McCORMACK. The discharge petition is on a bill before the Committee on the Post Office and Civil Service relating to the curtailment of postal service.

Outside of that it is District Day and there are four district bills on the calendar for that day:

H. R. 9047, to authorize the Commissioners of the District of Columbia to regulate the keeping and running at large of goats.

Mr. MARTIN of Massachusetts. Are there many of those in the District, or are they yet to come?

Mr. McCORMACK. I do not know how many four-legged ones there are.

Mr. MARTIN of Massachusetts. How many two-legged ones?

Mr. McCORMACK. The second bill is H. R. 7240, amending the existing law relating to barbers;

H. R. 4281, an act limiting the number of taxicabs;

S. 3659, relating to dealers' identification tags.

Then there is the bill S. 192 relating to the Indians of New York State in which the gentleman from New York [Mr. REED] is very much interested.

Mr. MARTIN of Massachusetts. I thought we passed that.

Mr. McCORMACK. No; it was called twice on the Consent Calendar. An amendment was offered to it by the gentleman from Oklahoma [Mr. MORRIS] but consent was not given for its consideration.

Then there is House Joint Resolution 516 dealing with German enemy assets.

Tuesday: The Private Calendar will be called on Tuesday. I wish the gentleman would correct his notice so that he will put that down. I overlooked it.

Mr. MARTIN of Massachusetts. I have it on my notice; I thank the gentleman.

Mr. McCORMACK. Then, of course, if any of the bills scheduled for consideration on Monday are not finished they will be continued on Tuesday.

H. R. 8594, facilities for the reserve components of the armed services. A rule is out on that bill.

H. R. 6277, relating to the Russian Railway Service Corps. That is a bill which the gentleman from California [Mr. HAVENNER] introduced and which we could not take up before because of his inability to be here due to family illness.

Wednesday: The social security conference report will be taken up Wednesday and continuing Wednesday, Thursday, and Friday, will be the Federal judgeship bills.

Of course, if the Committee on Rules reports out a rule on any legislation reported out of a standing committee that the leadership feels ought to be brought up it will be considered.

This means that the judgeship bills are sort of fill-in business.

Mr. MARTIN of Massachusetts. Has the gentleman any information about the appropriation conference report?

Mr. McCORMACK. No, I have not.

Mr. MARTIN of Massachusetts. Also I understand there is another appropriation bill yet to come.

Mr. McCORMACK. There is the emergency appropriation bill. The best information I have is from the gentleman from Missouri [Mr. CANNON] and that is the best possible information, that it will be ready week after next.

Mr. MARTIN of Massachusetts. Both of them?

Mr. McCORMACK. The emergency appropriation bill.

Any further program or changes will be announced later. Conference reports, of course, may be brought up at any time.

WITHDRAWAL OF EXTENSION OF REMARKS

Mr. SMITH of Wisconsin. Mr. Speaker, I ask unanimous consent that I may have stricken from the permanent RECORD an extension of remarks I inserted on August 7, 1950, appearing on page A5975, and that the Public Printer be instructed not to make any reprints of the aforesaid extension.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. WIDNALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

ANNOUNCEMENT

Mr. WIDNALL. Mr. Speaker, at the time of roll call No. 228 I was detained at the Naval Hospital under doctor's orders. If I had been present at that time I would have voted "yea" on that roll call.

SPECIAL ORDER GRANTED

Mr. LANE asked and was given permission to address the House for 15 minutes today following the legislative program and any special orders heretofore entered.

PERMISSION TO ADDRESS THE HOUSE

Mr. CAVALCANTE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

DR. JOSEPH L. PFEIFER

Mr. CAVALCANTE. Mr. Speaker, I take great pleasure at this time in saying a few words of praise for our colleague, Dr. JOSEPH L. PFEIFER.

Since I had been in Congress, I have admired the activities of this man on matters pertaining to the welfare of his constituents particularly those of Italian descent. His recent trips to Europe, his private audiences with His Holiness, Pope Pius XII, and with Prime Minister DeGasperi and Foreign Minister Sforza have done much to help in the reconstruction and the rehabilitation of Italy.

His latest report to the Congress as the result of his most recent trip dealt with the unemployment situation in Italy and means to overcome it. He has been praised by the State Department for the position he has taken on various matters of deep concern to all.

The work of Dr. PFEIFER is well known to all the Members of Congress. Because of his ability as a legislator and his devotion to his duties, I feel greatly honored to be associated with this fine statesman in the House of Representatives and I consider him as one of the best friends of the Americans of Italian extraction.

His son Thomas E. Pfeifer and my son Anthony Cavalcante, Jr. are graduates of the United States Military Academy at West Point. They are now both serving as lieutenants in the armed services of their country.

His record warrants his return to Congress.

PERMISSION TO ADDRESS THE HOUSE

Mr. SIKES. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SIKES. Mr. Speaker, failure to provide a dependents allotment program for the armed services is producing a serious morale problem. Men are being sent overseas in ever-increasing numbers, and most of these shipments involve a disruption of home life. Their dependents are in most cases deprived of benefits they enjoyed at military posts and as a result they are confronted with increased costs of living.

Thus far the servicemen and their families are the only ones who have had to give up anything as a result of the Korean conflict. The least we can do is to give these people a decent break and to provide dependents' allotments for them. They are doing our fighting. It is time for us to do some fighting for them.

AMENDMENT TO SECTION 14 OF THE MERCHANT SHIP SALES ACT OF 1946, AS AMENDED

Mr. HART. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Joint Resolution 193.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There being no objection, the Clerk read the Senate joint resolution, as follows:

Resolved, etc., That section 14 of the Merchant Ship Sales Act of 1946, as amended, is amended by striking out the word "or" after the word "contract" where it appears the second time and inserting in lieu thereof the word "of," so that the section as amended will read as follows:

"SEC. 14. No contract of sale shall be made under this act after January 15, 1951, and no contract of charter shall be made under this act after June 30, 1950, except as provided for charter under subsections (e) and (f) of section 5 hereof, as amended."

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HELEN M. BOOTH

Mr. BYRNE of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4136) for the relief of Helen M. Booth, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 1, line 7, strike out "negligence of" and insert "failure of the."

Page 2, line 4, after "Act", insert ": *Provided, however,* That the passage of this act shall not in any way be construed as an inference of liability on the part of the United States Government."

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

AMENDING THE HATCH ACT

Mr. HARRISON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 9023) to amend the Hatch Act, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

"That section 9 of the act entitled 'An act to prevent pernicious political activities,' approved August 2, 1939, is amended by striking out subsection (b) and inserting in lieu thereof the following subsections:

"'(b) Any person violating the provisions of this section shall be removed immediately from the position or office held by him, and thereafter no part of the funds appropriated by any Act of Congress for such position or office shall be used to pay the compensation of such person: *Provided, however,* That the United States Civil Service Commission finds by unanimous vote that the violation does not warrant removal, a lesser penalty shall be imposed by direction of the Commission: *Provided further,* That in no case shall the penalty be less than 90 days' suspension without pay: *And provided further,* That in the case of any person who has heretofore been removed from the service under the provisions of this section, the Commission shall upon request of said person reopen and reconsider the record in such case. If it shall find by a unanimous vote that the acts committed were such as to warrant a penalty of less than removal it shall issue an order revoking the restriction against reemployment in the position from which removed, or in any other position for which he may be qualified, but no such revocation shall become effective until at least 90 days have elapsed following the date of the removal of such person from office.

"'(c) At the end of each fiscal year the Commission shall report to the President for transmittal to the Congress the names, addresses, and nature of employment of all persons with respect to whom action has been taken by the Commission under the terms of this section, with a statement of the facts upon which action was taken, and the penalty imposed.'

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 10 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 62, strike out line 20 down to and including line 13, on page 63.

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 10 (legislative day, JULY 20), 1950
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Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 10 (legislative day, JULY 20), 1950
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AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 82, line 9, after the word "terminate" strike out "June 30, 1952" and insert "August 31, 1951".

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 10 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 10 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. FREAR to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 45, strike out line 20.

Redesignate paragraphs (iii), (iv), and (v) accordingly.

8-10-50——C

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENTS

Intended to be proposed by Mr. FREAR to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 10 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 10 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. MCCLELLAN (for himself and Mr. STENNIS) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 68, line 10, after the word "Act" insert a comma and the following: "and the heads of regional or State offices of such agency,".

8-10-50——D

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. McCLELLAN (for himself and Mr. STENNIS) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 10 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

portion shall be used for the portrayal of the Civil War and the Spanish-American War"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the joint resolution and agree to the same.

THEODORE FRANCIS GREEN,
JOHN C. STENNIS,
H. C. LODGE, JR.,
Managers on the Part of the Senate.

CARL ALBERT,
EDWARD A. GARMATZ,
C. W. BISHOP,
Managers on the Part of the House.

The VICE PRESIDENT. Is there objection to the present consideration of the conference report?

There being no objection, the report was considered and agreed to.

PREPARATIONS FOR MOVING TO OLD SENATE CHAMBER

Mr. MAYBANK. Mr. President, if I may have the attention of the distinguished Senator from Nebraska, the minority leader, I call attention to the fact that the Sergeant at Arms of the Senate talked with me this morning about moving the desks and Senators' papers and various things which had to be moved to Senators' offices so that the Senate might move to the old Supreme Court room on Monday. The Sergeant at Arms tells me that it will take Saturday and Sunday to move to Senators' offices the various papers and documents that are in their desks, and also to straighten up the old Supreme Court room so that the Senate may meet there Monday morning. He suggested that if the Senate could recess some time between 3 and 4 o'clock today he could have his force put in 2 or 3 hours this afternoon starting to make the move, so that the Senate could begin Monday to transact its business in its temporary quarters. I am wondering what the minority leader and other Senators on the other side of the aisle think about the suggestion.

Mr. WHERRY. It was stated yesterday that today the Senator from Ohio [Mr. TAFT], the Senator from Virginia [Mr. ROBERTSON], and the Senator from New York [Mr. IVES], would speak on the pending bill. I am not sure there was an official announcement to that effect, but at least the Members of the Senate got that impression.

I suggest to the distinguished Senator from South Carolina that it is perfectly agreeable to the minority for the Senate to recess whenever the distinguished acting majority leader feels the Senate should recess, either at 3 o'clock or 4 o'clock. However, I am wondering if we could not hear the addresses of the three Senators I have named before the recess is taken.

Mr. MAYBANK. I shall be glad to have that done, because I assured the Senator from New York [Mr. IVES] and the Senator from Virginia [Mr. ROBERTSON] last evening that they would have an opportunity to speak today, and yesterday morning, when the bill was first taken up, the Senator from Ohio [Mr. TAFT] announced that he desired to speak today. So, if it is agreeable to the Senator from New York, the Senator from Ohio, and the Senator from Virginia, who are scheduled to speak, that we recess at some time between 3 and 4 o'clock this afternoon, the Sergeant at Arms will be able to direct those who will conduct the operation, to remove to the offices of the various Senators the letters and documents now in their desks in the Senate Chamber, as well as remove the desks themselves.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. TAFT. I will say that I do not expect to take more than 30 minutes, or 40 minutes at the outside, so far as I am concerned.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. ROBERTSON. I wish to say that I contemplate speaking 25 or 30 minutes, in the absence of interruptions. Of course, as I indicated yesterday, if questions are asked, I would undertake to answer them.

Mr. IVES. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. IVES. Exclusive of any questions that may be raised at the conclusion of my remarks, I shall not take more than 30 minutes to deliver my prepared address.

Mr. MAYBANK. Excluding questions that may be asked and answers made to them by the speakers, the three Senators will occupy about 2 hours. That will assure that the Sergeant at Arms may begin the operation of removing papers and documents, and so forth, by about 4 o'clock, or it may be possible that he can begin earlier than that.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. McKELLAR. Yesterday in a colloquy in which the Senator from Massachusetts [Mr. LODGE] took part, he asked whether the desks and chairs of Senators were to be retained when the improvements to the Senate Chamber are completed. As I recall, the reply was that the chairs would be retained, but I do not believe I heard any statement made with respect to the desks. Are the desks also to be retained? I agree entirely with what the Senator from Massachusetts said, which was that the desks and chairs should be retained. I hope they will be retained. I want to vote that they be retained in the Senate Chamber, if we have an opportunity to vote on the matter.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. WHERRY. I happen to be a member of the Committee on Rules and Administration. The question just asked about the desks and chairs was asked in that committee by the Senator from Massachusetts. The chairman of the committee, the Senator from Arizona [Mr. HAYDEN] assured the Senator from Massachusetts that the chairs and the desks would be retained "as is" in the Senate Chamber.

Mr. McKELLAR. That is entirely satisfactory to me.

Mr. WHERRY. I am sure that is the answer to the Senator's question.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. LODGE. I am glad the Senator from Tennessee feels as he does about that matter. He knows a great deal about the history of the Senate, and about how much history clusters around these desks. If there is any doubt about these desks or these chairs being disposed of the way the panels were disposed of and the nice door frames were disposed of, I should like to have some Senator rise and says something about it now. If there is any doubt at all on that question we ought to have a vote on the matter.

The VICE PRESIDENT. The Chair recalls the incident in question. The chairman of the Committee on Public Works, the Senator from New Mexico [Mr. CHAVEZ], as the Chair recalls, announced that the desks and chairs would be replaced as they are now, but they would have to be taken out of the Senate Chamber temporarily.

Mr. MAYBANK. That is why I asked that the Senate recess between 3 and 4 o'clock, so that the desks and the chairs could be stored, to be brought back again and replaced in the Senate Chamber when the alterations in the Chamber are completed. Of course, the chairs and desks are not going to be removed from the Chamber permanently. It is necessary, however, that they be removed temporarily so the workmen can work in the Chamber on Monday morning. They will be retained.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. TAFT. I am a member of the Committee on the Reconstruction of the Senate Chamber, and I can say that there is not the slightest doubt that the desks are to remain here. There is no question whatever on that subject. I have seen drawings of the reconstructed Chamber showing the desks in the Chamber. There is no need for any Senator to be concerned over the matter. No one has ever proposed any other procedure.

Mr. McKELLAR. Mr. President, I thank the Senator from Ohio for what he has said.

Mr. HUNT. Mr. President, I should like to ask a question of the Senator from Ohio, who is a member of the Committee on the Reconstruction of the Senate Chamber. What, if any, arrangements have been made for loudspeaker systems of some kind in the Senate Chamber? I ask that question advisedly, I think, for throughout every day's work here we often hear, time and time again, a Senator requested to repeat his remarks because he cannot be heard. Very often that has been the situation in the case of the Senator now speaking.

Is any kind of loudspeaker system planned for the new Chamber?

Mr. TAFT. The new floor will be wired so that outlets will be available for, I believe, half a dozen loudspeaker installments in different parts of the Chamber. The committee did not feel that it had any authority whatever to provide for such loudspeakers, but in case

the Senate ever decides that it wishes to use them, the Chamber will be wired so that they can be installed.

Mr. HUNT. I think that is very fine.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Mr. MAYBANK. Mr. President, I should like to have the attention of the Senator from Nebraska, the distinguished minority leader. I wish to ask him if he thinks we can work out a unanimous-consent agreement to have the Senate vote next week on Senate bill 3936. I wish to ask him how he feels about that matter, because the House has passed the corresponding bill, doing so overwhelmingly last evening; and time is of the essence, and we should pass this bill promptly.

I appreciate the fact that I have not discussed the suggestion fully with the distinguished minority leader, but I should like to have him state his ideas about the possibility of working out an agreement for the Senate to vote on the bill.

Mr. WHERRY. Mr. President, the minority leader is always willing to cooperate in an attempt to work out a unanimous-consent agreement. It would be my judgment now that the agreement which could be reached would provide for the vote to be taken some time in the latter part of next week.

If the Senator from South Carolina will bring up the matter again on Monday, we shall see then what can be done. In the meantime, my advice to him would be that it probably would be possible to obtain an agreement to vote on the bill in the latter part of next week.

Mr. MAYBANK. Mr. President, let me say to my good friend, the minority leader, that I hope he will consider this matter over the week end, and I hope that on Monday we shall be able to reach a unanimous-consent agreement to have the Senate vote on the bill not later than Wednesday of next week.

Mr. WHERRY. I can assure the Senator from South Carolina that it will be very difficult to work out an agreement to provide for the Senate to vote on either Tuesday or Wednesday of next week, even though I originally had hoped that that would be the arrangement. However, I am glad to say that I hope an agreement can be reached to have the Senate vote on the bill on Thursday or Friday of next week.

Mr. TAFT. Mr. President, the pending bill, Senate bill 3936, proposes to turn over to the President complete and arbitrary dictatorial power over the entire economic life of the United States and, to a large extent, over the lives and activities of its citizens. The bill would authorize the President to install a system completely at variance with the free economy under which this country has been built up and to which I believe it owes its tremendous productive power and the standard of living of its people.

There are many provisions of the bill which I consider to be necessary under present conditions, but certainly there is complete confusion in the minds of the public regarding the different types of controls which now are proposed. I think there is considerable confusion in the mind of every Senator—and necessarily so—as to the many different kinds of controls and the relative justification for different controls. People are much too much inclined, apparently, to say either "We are for controls," or "We are against controls."

I am not protesting against controls in general; but I believe that certain types of controls can change our free economic system into a semisocialist, regimented Nation. Such controls should be granted only on a clear showing of economic emergency, and for the duration of that emergency.

Of course, Mr. President, the Government already has a considerable power and control over business and economic life, and it will always have such power. No one is disposed to say that there should not be controls over the economy—controls of the kinds which traditionally have been imposed—and that perhaps there should be some additional controls.

The powers provided for in this bill may be divided roughly into three classes:

First, there are additional powers to control credit, particularly consumer credit and credit for the construction of buildings. These powers certainly present no great departure from normal Government principles. The Government has always controlled credit through its regulation of the banks, but the danger to any nation in peace or in war from excessive control of credit has long been recognized.

I myself have always favored as a peacetime measure the power to control consumer credit, which has assumed very much greater importance in modern days. I believe credit control is one of the most important necessary weapons which any government should have, and I certainly feel that these provisions of the bill should be enacted. Today we face a serious inflationary condition, which has developed almost entirely because of an undue expansion of credit. Even before the Korean war, for a number of reasons which appear very clearly in the latest statistical reports on these various matters, prices had begun to rise.

For instance, consumer credit, including installment credit, has increased, in a period of 12 months, by the sum of $3,500,000,000. In other words, that constitutes a direct creation of purchasing power without necessarily a corresponding production, or the production only follows the increase in purchasing power.

Total mortgage loans in the month of May alone amounted to $1,400,000,000. They had been an average of $1,100,000,000 for many months.

The loans of commercial banks have increased, in 12 months, from $41,000,000,000 to $45,000,000,000—an increase of $4,000,000,000 in such loans in 1 year's time, with the holdings of Government securities increasing, also, from $63,000,000,000 to $66,000,000,000.

The total deposits in banks have increased from $137,500,000 to $143,000,000,000, or an increase of $5,500,000,000, which indicates a general increase in credit, brought about very largely by the policies of the Government iteself. The Federal Reserve Board has rather loosened up on credit since the slight depression of 1949.

In a period of 6 months there has been a net increase of $3,000,000,000 in the case of mortgage debts. So we are moving at the rate of $6,000,000,000 annually in the increase in housing credit.

On top of that, we also have the Government deficit for the last fiscal year of more than $3,000,000,000.

So we had every kind of inflationary force working in this country before the Korean war began.

A reversal of this policy, plus a new tax bill, plus the credit control powers which here are proposed, in my opinion can undo the greater part of the price rise which has occurred. The economic effect of the Korean war, reflected in actual buying for the Government, is negligible. Most of the effect of that war thus far has simply been a phychological effect.

The second class of powers relate to production of materials for the Armed Forces, the stimulation of increased production for that purpose, and direct Government operation. While I am inclined to believe that the Government can get anything it wants to get and with priority, without powers given in this act, I see no objection to granting these powers more clearly. In fact, I think they should be granted more clearly. The power to demand priority and to require allocation is arbitrary, but is probably necessary when we have such a tremendous civilian demand as we have at the present moment. Loans and the guaranty of loans were useful weapons in the last war to secure prompt production. I question somewhat the necesity of permitting the Government to go into business itself, and I feel that Congress should be asked to authorize each instance in which the Government does propose to go into a manufacturing business. I shall deal further with that in proposing an amendment to that section.

The third type of powers contained in the bill relate to general economic control. These powers are not only those contained in title IV, but they are scattered through the bill because the language providing for Government action is so broad that it can be extended far beyond the control of production for the Armed Forces. Thus the allocation power contained in section 101 is broad enough to permit the Government to close down any business in this country by shutting off materials. It is broad enough, in my opinion, to tell every farmer what he can plant and what he cannot plant. It certainly is broad enough to authorize a complete rationing system for consumers. Under section

303, the Government can go into any business, including mining, manufacture, and commerce. The definition of national defense found on page 67 is so broad that in those sections where the only limit is the use for national defense, the powers granted can be used for general economic control. Title IV gives complete power to fix prices and fix wages at the discretion of the President.

I have no difficulty with the first two classes of powers, and I believe that most of them are essential under present circumstances but I have serious doubt as to the necessity at this time of giving the President arbitrary and dictatorial powers over the entire national economy .

It is said that these powers are standby powers. That term is completely misleading. The first Price Control Act in the World War gave almost the same powers, and at that time they were also discretionary. Many of the powers granted to the President in permanent legislation are discretionary powers to be put into effect only if he chooses to exercise them. No one called them standby. It may be that the President does not intend to use them at once, but as far as Congress is concerned, we are the ones who are authorizing a complete change in the character of the life of this Nation, and I do not think we should grant any discretion to make that change to the President, unless we think it is necessary for him to use that discretion, and he himself at this time does not think it is necessary for him to use that discretion. I do not see how we can avoid our constitutional responsibility of deciding, ourselves, whether controls so important as these, which would change the character of our life, are actually necessary at this time or are not necessary. If they are not, I do not think we should authorize the President to use them now, or at any future time, without further congressional action.

Mr. President, I do not believe the people realize the nature of the changes in our economy authorized by this bill. If we were engaged in the third world war, I would not hesitate for a moment to grant every power here sought. When we are engaged in protecting the freedom of the entire Nation against foreign aggression it is necessary temporarily to surrender our freedoms at home. I was assistant counsel for the Food Administration in the First World War, and I think its control then was necessary. I helped write the first Price Control Act in 1941, and to secure its passage, and, with all its faults, I believe that price control was absolutely necessary at that time. The question is whether any similar emergency exists today. It seems to me, however, that it will take a real economic emergency to justify or balance the dangers and inconveniences and constitutional infringements involved in a control system, particularly in time of peace, when the people do not have the spirit of sacrifice which is produced by an all-out war. I do not intend to say that the Korean war is not a real war, or that it does not carry many of the heartbreaks and tragedies of a large war. But from an economic standpoint, it is not any particular strain on the economy of this country. Most of the materials and equipment needed are already in existence. They have to be, or they never will get to Korea. Those that can be manufactured during the next 6 months are merely a drop in the bucket in the tremendous production in which we are now engaged. Even the increased armament program as presented to us up to this time, which includes Korea and a much larger preparation for defense, is easily within the capacity of this country, on a more or less normal free economic basis. President Truman has proposed additional appropriations of about $16,000,000,000, although it is not clear how fast this will be needed or spent. There should be substantial reductions in domestic expenditures and foreign economic expenditures, so that I would judge that the program presented to Congress involves perhaps ten to twelve billion dollars increase over the $40,000,000,000 a year which we are now spending. In my opinion, this program can be handled by increased taxes and credit control. A balanced budget and the prevention of any continued increase in outstanding credit have long been recognized already as the proper weapons to prevent inflation. I think we can and should pay for the program as we go, and that if we do, price control is not necessary.

In weighing the necessity of controls I think we should realize that they are far more difficult of administration than they seem to be when we enact the law. It is certainly far more difficult to administer controls successfully than it is to sit here and enact a law such as the one before the Senate. When prices start to go up people assume that all the Government has to do is to step in and say "No." A few orders from Washington and the people think they have complete protection against profiteering. But our experience in this country shows that it is not so simple as that. In the first place, it is almost impossible to start price control and hold it to a few selected fields. If we fix the price of steel, it becomes necessary to fix the price of iron ore and scrap and alloys and all the products of steel, and then all other metals which are in any way involved in steel. If we fix the price of wheat, we have to fix the price of corn and rye and oats and barley. If we fix the price of any raw material, or any manufactured goods, we have to follow it down through the channels of distribution to prevent profiteering along the line, until we fix the retail price. If we fix prices, we soon have to regulate almost every practice in many different industries, because those practices inevitably affect the price. We saw that in the World War. It is generally agreed now that prices cannot be effectively fixed unless wages and salaries are also controlled. There are nearly a billion transactions a day, including sales and wage payments in the United States, and the moment control begins it has to be gradually extended until the Federal Government is trying to lay down the rules on which every one of those billion transactions a day is to be conducted. That was Mr. Henderson's experience, and it is almost certainly necessary.

When the Government undertakes such a tremendous detailed control it has to take on employees who may well number 500,000 before the whole project is completed. Furthermore, it cannot be done with any hope that you can maintain justice or freedom or equality. Appeals to the court are necessarily denied or severely limited, because, of course, the decrees of the Price Administrator have to be immediately effective if they are to be effective at all. We have seen recently the injustices in the rent-control system, even after every effort to require proper adjustments. During the World War, I had case after case brought to my attention where arbitrary rulings destroyed the livelihood of patriotic citizens.

Furthermore, the problems of a country this size are so infinitely complex that no man knows enough to do the job right. Unquestionably, what we obtain is better than all-out inflation which might be produced by a world war, but it is full of mistakes and unexpected results. The system tends to produce tremendous shortages, because the holding of the price below its economic level increases demand and decreases supply. Under OPA controls, many important products disappeared from the market. At different times there was no butter, no meat, no soap or canned goods, no white shirts or new suits, no leather, and no shoes. Then it becomes necessary to ration with all the red tape and chiseling that such a system produces. I am quite certain that it was the mistakes of the OPA in the World War which resulted in these shortages and finally brought about a spiral of rising prices and wages which undid most of the good the system had done. And yet I believe any director is going to make the same mistakes because of the vast field of uncertainty and the tremendous pressures which are brought to bear from every group concerned with their selfish interest.

Finally, in the United States, more than in any foreign country, we face the danger of a complete breakdown of controls, and lawlessness, particularly in time of peace. In time of war, a certain morale develops which makes it possible to enforce control. In the World War, Mr. Hoover relied almost entirely on that morale with few enforcement powers. During the Second World War, men who felt they were aggrieved still remembered their boys at the front and accepted without complaint the order which perhaps made them a casualty at home. But after the war, whenever the economic price of any commodity was above the OPA price, the commodity went into the black market to seek the natural level of price. Corn, lumber, and meat sold all over America at black-market prices. At one time there was practically no lumber in the lumber yards, or anywhere, outside of the black market. The American people do not like to be regimented, and they do not like to be ordered around.

I think those who vote for this price control are going to regret bitterly their vote by a year from this time, unless, unfortunately, we are involved in a third world war.

Mr. President, I have indicated that there is a condition under which price control may be necessary and may work better than in ordinary times. Perhaps such a condition may exist short of war. There is some suggestion that the administration has not told the people all of the facts. It has not presented the program which it really is looking forward to for the American people, that perhaps we are going to spend $45,000,000,000 a year on our Armed Forces instead of $25,000,000,000; perhaps we are going to begin a 3-year plan to make this Nation the most powerful military force the world has ever seen in time of peace.

That may be the program which the Nation perhaps should adopt. I do not venture to express an opinion at this time on that question. If there is such a program, then I think we ought to know what it is. If our total Government expenses are going to be $75,000,000,000 instead of $52,000,000,000, I doubt if we can get along without price control.

I doubt very much that we can raise sufficient revenue by taxes to meet such a tremendous expenditure. The thing that forces control is the vast expenditure by the Government over and above the taxes that can be raised. In the World War we were spending, roughly speaking, $100,000,000,000 and we collected $50,000,000,000 in taxes, a deficit of $50,000,000,000 a year which we must continue with unless we have arbitrary and rigid controls. It may be that an expenditure of $75,000,000,000 a year, if that is what is contemplated, would make such controls necessary. If it is, my objections to this bill might entirely disappear. If there is any such program, however, I believe the American people ought to know it. I can only assume at the moment that the proposed increase already laid before us represents an adequate program to secure the defense of the United States.

Remember that what we do here may last for 10 years. The new level of spending may continue as long as the Russian menace exists. If that is the fact it becomes all the more important that we adjust our economy to that semipermanent condition by levying enough taxes to pay as we go and prevent inflation by proper credit control retaining as much economic freedom as possible, so that our progress may continue. Certainly, the American people would be sick of price controls long before the end of any 10-year period.

Under the circumstances I have set forth, I believe very strongly that Congress should reserve for itself the right to determine whether all-out controls should be put into effect, and I propose to offer an amendment providing that title 4 shall only take effect upon passage of a further joint resolution by the Congress. The position which I have taken, I understand, is almost exactly that of President Truman on this issue, and also the position of his economic advisers. I invite attention to their legislative recommendations on page 14 of the July report to the President. The President is not willing to say that price controls and wage controls are needed at this time. I agree with him, and I think it is wrong for Congress to enact them at a time when they are not necessary.

Mr. President, I should like to read the recommendations of the President's economic advisers. They were passed on by the President to Congress after the Korean war crisis had occurred. The recommendations are as follows:

1. On account of the cost of expanding our military strength, and to help contain inflationary pressures, an interim revenue measure should be enacted immediately to yield substantial additional revenue in the current fiscal year.

That bill is being considered. We have practically finished its consideration in the committee, and it will be before us.

2. As a safeguard against inflationary buying, and to reduce the demand for scarce materials, authority should be granted to regulate consumer credit, to restrain mortgage credit, particularly for housing, and to limit speculation in commodities.

I agree with that recommendation. Those powers are contained in this bill.

3. In view of the mounting shortage of some commodities required for the national defense, authority should be granted for priorities and allocations of these commodities, for the limitation of nonessential uses, for the prevention of inventory hoarding, and for the requisitioning of supplies.

It does not speak of all commodities.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. TAFT. I should like to state the next recommendation; then I shall be glad to yield to the Senator.

4. To expedite the production of certain commodities needed for the military and for adequate stockpiling, and to guard against a dangerous shortage of these materials in the event of any emergency calling for further expansion of our military efforts, a program should be adopted which provides loans and incentives for the expansion of capacity, for technological developments, and for the production of essential supplies.

I now yield to the Senator from Arkansas.

Mr. FULBRIGHT. The Senator spoke about over-all controls. That was a subject which concerned me and two other members of the committee very much. I should like to know whether under the Senator's proposal his concurrent resolution would go only to over-all controls and that in the meantime the President would be given authority to impose selective controls on such articles as rubber, for example, which was used in committee as an illustration of a class of articles which were very important to the defense program.

Mr. TAFT. Rubber got out of line because of the foreign situation. We cannot have an over-all control on the price of rubber any more than we can have it on the price of coffee. My proposal is that title IV should go into effect only on the passage of a further joint resolution by Congress. There are other controls. For instance, the Government's control of the synthetic rubber plants would permit the Government to control the price of rubber at any time it wished to do so.

Mr. FULBRIGHT. Mr. Clague used the example of meat. He used meat as one article which had a great influence on the increase in the consumer price index. Does the Senator contemplate that there should be any authority to control any article at all prior to the adoption of the concurrent resolution?

Mr. TAFT. No; my feeling is that so far as price and wage controls are concerned the President could exercise some authority through allocation control, for example. Let us take meat, for example. If there is any article which was proved after the war to be difficult to control, it was meat. It is almost impossible to do so. We reached the point where only a little meat came through legitimate channels, but there was a great deal of meat in the black market. Meat was being slaughtered in small plants or on the farm. Conditions reached such a point that we could not get enough insulin to take care of people who had diabetes because there was not enough processing of carcasses in the regular channels of meat production. We had 90 percent of the meat in the black market. The Senator no doubt remembers that before the 1949 election the President suddenly removed all controls from meat because he was told that the scandals were such it would be impossible to elect a Democratic Congressman anywhere in the country if he allowed controls on meat to stand until the election. That was said at the time. I do not guarantee that it was the only reason why he removed the controls on meat, but people told him that he should take controls off meat because it was impracticable to control the price of meat. It is most difficult to do so. It is much easier to control the price of wheat, corn, and grain products than it is to undertake a price control of meat. If a start is made on meat alone, the control will be a complete failure, in my opinion.

Mr. FULBRIGHT. What would be the Senator's opinion with regard to lumber?

Mr. TAFT. Lumber went into the black market, of course. Practically all lumber was in the black market. There was a time after the war when there was no lumber in any lumber yard in the United States. It was trucked directly from the southern mills to the house into which it was put. The price was whatever those who had the lumber desired to charge for it.

I think the Senator has picked out the most difficult articles to control. Let us take, for instance, the shortage of steel. The imposition of consumer-credit control on automobiles would cut tremendously the production of automobiles. If a 50-percent down payment were required on automobiles, I venture to say that the sale of automobiles would be cut by a third. Thereby more than 2,000,000 tons of steel would be saved, which is the additional amount of steel required for the present military program over and above what we had already contemplated would be required. There are many other methods that

could be used without going into such detail. I think it is most difficult to try to regulate in detail the price of half a billion sales and purchases which are made every day. It is a tremendously difficult task, and, necessarily, it is an arbitrary one.

Mr. FULBRIGHT. I agree with the Senator that it is difficult. We were seeking some way to avoid it, if we could, or at least delay it until the situation became much more serious.

Mr. TAFT. My impression is that if we were to impose a price control on anything, we could find a separated product—a medical product, or something of that kind—on which a price control could be imposed without its effect spreading. However, if we take any major industry or food product and try to fix the price on it and set up a control system I think we would be required to control all the other related products, and finally the entire economy.

Leon Henderson tried to do it on a selective basis. Finally he said it could not be done. At first I was inclined to take the position that it could be done, but I came to the conclusion at the end that if we are to have regulation we must regulate the whole thing, because otherwise we simply shift the purchase from one product to another product. If we fix the price of meat, meat becomes scarce. Therefore everyone buys chickens. Then the price of chickens increase three times over the original price. So we must regulate the price of chickens. Of course it follows that we must then also regulate the price of eggs. We would go from one thing to another until we found that complete control was required.

Mr. FULBRIGHT. I wonder what the Senator thinks about credit controls on construction, under which the Federal Reserve Board is given authority over conventional bank credit, and the President, as I believe it was stated on the floor yesterday, is given control in the Government field through the Housing Authority.

Mr. TAFT. My impression is—and I have not studied the section carefully—that the bill gives the Federal Reserve Board power over all of it.

Mr. FULBRIGHT. No; it gives the Federal Reserve Board authority over what is called bank credit. It gives the President authority over Government credit. The only way the Federal Reserve Board is brought into the Government picture is by the words "after consultation with the Federal Reserve Board." In committee I move to give the Federal Reserve Board authority over all credit in that field.

Mr. TAFT. I would be inclined to agree with the Senator. I would be inclined to think that the power over bank credit, consumer credit, and housing credit ought to be in the Federal Reserve Board.

Mr. FULBRIGHT. In the private field under existing regulations banks require more than 60 percent under any circumstances. In other fields it is only 50 percent, where there is not much inflation in the field. The real inflation is in the Government credit, is it not?

Mr. TAFT. In housing?

Mr. FULBRIGHT. Yes.

Mr. TAFT. Yes; in direct loans to GI's and in the FHA-guaranteed mortgages. I think those together cover a good deal of the high increase in housing credit.

Mr. FULBRIGHT. Not only that, but the circumstances are much more inflationary where only a 5 percent or 10 percent down payment is required than where 40 percent is required.

Mr. TAFT. The Senator is entirely correct.

Mr. FULBRIGHT. The impression was created that the Federal Reserve Board had a responsibility given it without the power to do anything effective.

Mr. TAFT. Mr. President, I wish to deal specifically for a moment with the power of the Government to go into business, which is covered by section 303. I realize that in some fields the Government itself probably may have to go into business. If the President is unwilling to tell us what those fields are so that we may properly limit the power, then I suggest that we retain the power in the Committee on Appropriations to decide what money shall be granted for projects of that kind.

It is significant that in 1949 the President demanded the power to go into business in time of peace, and indicated his belief that the Government should be able to go into the steel business if some Government economist decided that the industry was not expanding as fast as he thought it ought to expand to meet some demand which he foresaw. The President said at that time:

8. To authorize an immediate study of the adequacy of production facilities for materials in critically short supply, such as steel; and if found necessary, to authorize Government loans for the expansion of production facilities to relieve such shortages, and furthermore to authorize the construction of such facilities directly if action by private industry fails to meet our needs.

In accordance was that, the administration had introduced in the House of Representatives the Spence bill, which, in section 203, contained provisions very similar indeed to the provisions in the bill now being considered.

The Spence bill provided:

SEC. 203. (a) Whenever the President determines that Federal procurement is necessary to help achieve the quantity goals established under section 201 (b) for essential metals, minerals, and other raw materials, including liquid fuels, he may (1) purchase or make commitments to purchase such essential materials abroad either for Government use or for resale in the United States * * *.

* * * * *

(c) The procurement power granted to the President by this section shall include the power to transport, store, process, and refine any materials procured under this section.

At least a suspicion is justified that the President is not solely concerned with the question of production for war purposes. He has himself believed, and probably still believes in what he believed in then, that the Government should have the right to go into business of the kind referred to, independently of any question of war. Certainly I believe, therefore, that we are justified in asking that this power be restricted specifically at least to war purposes.

What I am suggesting is an amendment, if we cannot change the whole power, which at least will require that the money needed for these projects shall be appropriated by Congress. I would not have any great objection to inserting such a provision as that found in a good many bills, the ECA Act, for instance, that pending the actual appropriation the agency may borrow up to, let us say, $100,000,000 from the RFC for some emergency purpose, to be paid back out of the appropriation. But it seems to me that we should strike out on page 36 lines 20 to 25, and on page 37 lines 1 to 20. If that language remains in the bill, we never will see this referred to again. The President will have $2,000,000,000, which will never have to be appropriated, and he can use that $2,000,000,000 to go into any business which he thinks he would like to see the Government go into.

I shall propose to this section an amendment at least providing that appropriation shall be necessary before the power can be used.

Another respect in which the powers of the President are extremely broad is that of allocation. It seems to me this power should be confined to the allocation of materials and facilities required for the war program.

I propose to offer an amendment to provide such a limitation. I offered such an amendment in the committee, and the committee made a slight change, but I do not think it carried out the purpose of the amendment.

Mr. ROBERTSON. Mr. President, will the Senator from Ohio yield?

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Does the Senator from Ohio yield to the Senator from Virginia?

Mr. TAFT. I yield.

Mr. ROBERTSON. I should like to give to the distinguished Senator from Ohio my intepretation of the provision. It is to assist industries to go into war-production business, exploration, and what-not.

The Senator referred to section 302 of the original bill. I assume he also refers to section 303 (a), which follows.

Mr. TAFT. I was talking of section 303 (a), (b), and (c).

Mr. ROBERTSON. I wish to call the attention of the distinguished Senator to the fact that the objectives of section 302 and 303 are not the same. Section 302 relates to loans to enable companies to go into production. I offered an amendment to the original provision of the original bill, authorizing loans to carry out the purposes of the bill.

We did not know exactly what all the purposes of the bill as originally proposed would be. So I offered an amendment which was agreed to and incorporated in this section, to provide "procurement of materials for national de-

fense." That is all for which they could go into business with government loans.

We did not insert that limitation in section 303 (a), because that relates only to government purchases, not government business or production, only government purchases of war materials.

Mr. TAFT. The Government, under section 303 (a), has the power to make purchases of other than raw materials. It does not say anything about war materials. The language of subparagraph (c) is:

> The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined, any materials procured under this section.

They can go into the steel business or any other business, and with the powers of purchase, resale, and manufacture, they can go into any business they desire to enter, under section 303.

Mr. ROBERTSON. In the first place, we inserted a preamble that the act is to be carried out within the framework of the American system of competitive enterprise. Then, at my suggestion, in two or three different places in the bill we reiterated "private enterprise, private enterprise."

When we undertook to define national defense, we tried to tie that down to what is actually national defense. It was very difficult for us to write into the bill every conceivable thing which would contribute to national defense, but certainly we put enough into the bill and enough into our report clearly to indicate that these powers should not be used for purposes of social reform, or to put the Government into business which would result in the nationalization or socialization of American industry.

Mr. TAFT. Exactly the same situation existed in World War II. Vague language was used, and it was taken advantage of to justify social reforms and to justify instituting various activities that were not intended by the Congress. A mere expression by Congress today is flouted by Government departments. I have seen the same issue arise in connection with the Veterans' Administration. If a statute makes a certain provision, the officials of an agency may say, "We are not disposed to follow Congress." If we desire to limit powers, the language should be perfectly clear and definite.

As I see it, the definition of national defense on page 67 is so broad that under it the President could allocate for national defense any article in the United States that he finds is needed for the national defense. I think it is somewhat too broad.

I do not criticize the work of the committee, and I quite realize the point made by the Senator from Virginia. But as the Government expands and new bureaus are set up, they do not care what the theory of the act is, they look at the words, and if they want to do something and find that the words can be twisted to enable them to do it, they do what they want. There is no way that can be prevented that I know of, except through the power of appropriation.

The school-lunch program was set up without any authority whatever, and it was carried on for a long time by appropriations only. There were quite a number of activities undertaken by the Federal Security Administration which had no relation to the war whatever, so far as I could see. But Government officials went back to the war acts, pointed to the words contained in them, and we had a pretty hard time to restrain them once they relied on the words.

Mr. ROBERTSON. Mr. President, will the Senator yield for one brief comment?

Mr. TAFT. I yield.

Mr. ROBERTSON. Our committee deleted from the bill, by amendments which I offered, powers which went beyond those ever possessed before by any President in any war emergency. But frankly, we did not know how to prepare a defense production bill which would give a good safe administrator the powers necessary for him to do a successful job, and at the same time tie behind his back the hands of some administrator we might not trust. If the Senator knows how to prepare such a bill as that, I shall be glad to consider it. But I desire to say that if some other Senator does not offer it I intend to offer an amendment to the bill whereby the powers granted may be ended upon the adoption of a concurrent resolution by the two Houses, or that any part thereof may be ended by such procedure. If someone, as the Senators fears he may, should take the powers contained in section 302 and section 303 (a) and use them to try to socialize some industry, before we have gone all the way down that road the Congress could take a look-see under the amendment I am proposing, and could wipe out section 302 and section 303 (a) if they were not being used as we intended them to be used, as a defense against an aggressor.

Mr. TAFT. I have seen that done before but as a practical matter it is almost impossible to undo what has been done, after it has been done.

I realize that the Senator from Virginia moved to strike out sections 301, 302, and 303. He made a motion to strike them all out in the committee. I fully sympathized with his action at that time. The Senator was finally convinced that sections 301 and 302 were necessary. I am not suggesting any change in sections 301 and 302. The only amendment I am suggesting to the whole bill, I will say to the Senator, is that we shall not hand the President $2,000,000,000 without any check by the Appropriations Committee on the operation by the Government itself which is authorized under section 303. Now that certainly is a mild provision, and I hope the members of the committee may be glad to accept it.

Mr. ROBERTSON. Mr. President, will the Senator again yield?

Mr. TAFT. I yield.

Mr. ROBERTSON. I must admit the correctness of the statement of the Senator from Ohio, that I did offer an amendment to strike out the original language, because I was afraid, as he now says he is afraid, that it was going to be abused. But then I reached the conclusion that it would unduly tie the hands of the executive branch of the Government in doing what may be required to be done so then I went to work to revise the language the committee agreed upon, and which I thought reasonably safeguarded the interests both of us had in mind. But I do not know, and I do not believe any other person knows how to frame a bill that will rise above its administration.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Indiana.

Mr. CAPEHART. As a member of the Committee on Banking and Currency, and having sat through all the hearings on the bill, I wonder if the Senator will agree with me that generally speaking, outside of titles IV and V, the bill is quite satisfactory, provided that wherever the term "national defense" is used we substitute "for military supplies," or whatever is needed directly by the military, the armed services, in order to win the Korean War? That is what I tried to do in the committee.

Mr. TAFT. I want to praise the work of the committee. I do not criticize the work of the committee for a moment. The definition of "national defense" on pages 66 and 67 is still somewhat broad.

Mr. CAPEHART. It is too broad.

Mr. TAFT. Yes. The language is:

> The term "national defense" means the operations and activities of the Armed Forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense.

That really covers any department. Of course, it is clear that it covers the Department of Agriculture. But I think any other department would easily fall within this language. It is not confined to things they want to buy. It covers anything about which they are concerned. It covers any of their activities, such as the Brannan plan, or anything else under the definition of "national defense." While it is better than the original definition, while I think the committee has greatly improved it, I still think it is somewhat broad.

Mr. CAPEHART. Does not the Senator think the definition should be limited to that which is needed directly by the military in order to win the Korean war and in order to do what they should do and what the Congress gives them authority to do under the appropriations?

Mr. TAFT. Yes. Well, what they should do in order to build up the strength of the armed services of the United States. I agree with the Senator from Indiana entirely.

Mr. CAPEHART. I have prepared and will submit two amendments, one to strike title IV and the other to strike title V. Those are the two titles of the bill, of course, that have to do with rationing, price control on every conceivable thing, and wage control. I feel that those two titles should be eliminated from the bill.

Mr. TAFT. I have also prepared a motion to strike out title V.

Mr. CAPEHART. What does the Senator think about title IV?

Mr. TAFT. I personally would strike out title IV, but I was willing to com-

promise on the basis that it go into effect, by a joint resolution passed by Congress, so when we came back here we would not have a dispute on all the titles of the bill. We would just have a question, yes or no, on a joint resolution. We could act more rapidly in that way. That is just a concession. I prefer the Senator's own amendment.

Mr. KEM. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. STENNIS in the chair). Does the Senator from Ohio yield to the Senator from Missouri?

Mr. TAFT. I yield.

Mr. KEM. Some reference has been made to the fact that the bill provides that it is the intention of the Congress that the President shall use the powers conferred within the framework of the American system of competitive enterprise. Referring to the bill, on page 29, I find some weasel words there which seem to me to be of considerable importance in this connection. The bill reads:

> It is the intention of the Congress that the President shall use the powers conferred by this act * * * within the framework, as far as practicable, of the American system of competitive enterprise.

I ask the Senator from Ohio if he does not think that that would give the President the right to do about anything he wanted to do and still contend that he was "within the framework, as far as practicable"?

Mr. ROBERTSON. Mr. President, will the Senator from Ohio yield to me so I may answer the Senator from Missouri?

Mr. TAFT. I yield to the Senator from Virginia.

Mr. ROBERTSON. That was my amendment. Does the distinguished Senator from Missouri think that any part of price fixing or wage fixing or rationing is in keeping with the American system of private enterprise? We might have to go into some of that as we did in the last war. I could not sit in committee and put in a phrase that would nullify what might have to be done. So all I could say was, "as far as practicable." You high administrators of this program, do not use these powers beyond what is necessary to do this job and leave our American private enterprise in existence, because it outproduces any other system in the world." That was as far as I knew how to go.

Mr. TAFT. Answering the Senator, I would say that so far as these declarations of policy are concerned I do not pay too much attention to them, and I do not think most lawyers do, and I do not think many Government departments do. They look at the language of the grant of authority. I do not think this limits or expands the grants of authority contained in the words. It may throw a little light on the subject. Even in its present form the language is a kind of a warning to the President as to what he is expected to do. Whether he will do it or not, however, is in his own discretion.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. FERGUSON. It certainly is not a limitation.

Mr. TAFT. No; it certainly is not a limitation. As a rule, these declaration-of-policy statements tend to expand the words of an act rather than to limit them.

Mr. KEM. Mr. President, will the Senator yield again?

Mr. TAFT. I yield.

Mr. KEM. Whenever a declaration of intention is contained it is very much watered down by the language "as far as practicable."

Mr. TAFT. Yes; I think it is.

Mr. President, I have only one other subject to discuss.

I see no reason for Title V of the bill. The existing law provides effective procedures for the settlement of labor disputes affecting national defense. The terms of this title are extremely vague and it is not clear what additional powers the President is seeking in these words. If the President is at any time going to exercise the power of fixing wages, he can set up boards and commissions under the powers granted in title IV. If we wish to give the President some additional power to compel labor and management to abide by his decision or that of some board, we certainly should use much clearer language than appears in section 502. It seems to me that this section should be struck out.

Mr. President, I send to the desk four amendments to be printed and lie on the table. The amendments are in accordance of the general principles on which I have spoken.

The PRESIDING OFFICER (Mr. STENNIS in the chair). The amendments will be received, printed, and lie on the table.

Mr. TAFT. Mr. President, I yield the floor.

Mr. ROBERTSON. Mr. President, the pending defense-production bill confers vast powers upon the President of the United States, but the amendments agreed upon by our Banking and Currency Committee and included in the committee's substitute for Senate bill 3936 bring the current delegation of emergency powers very much in line with those conferred upon the President during World War II. The bill provides over new construction or major additions credit control which was not included in the credit powers of the last war, and it provides for a type of wage stabilization which is different from that of the last war. Wage stabilization is tied to price stabilization by the terms of section 402 (b), which provides for selective controls, as well as by the provisions of section 402 (c), which provides for general controls.

When the OPA bill of the last war was first before the House, I offered an amendment which would have prevented the Wage Stabilization Board from granting a wage increase unless and until the OPA Administrator certified that the proposed increase would not have an inflationary effect. That amendment was defeated and the opponents of the amendment asked the Congress and the American people to rely upon the President to prevent inflationary wage increases.

During that war all labor unions except one lived up to their no-strike-during-the-war agreement, but the wage increases by means of strikes in an essential industry in the midst of war gradually resulted in demands for increases in other industries which, from time to time, were granted. The net result was a pressure upon prices that gradually forced them up.

The present level of wages, fixed principally by collective bargaining, is now at such a high level and the purchasing power of the people is at such a high level that in this new emergency it is not only desirable but absolutely necessary to control wages as well as prices, and to tie the two together in such a way as to prevent future wage increases from exerting an inflationary pressure upon prices.

Under the provisions of the substitute bill, and as interpreted in our report, we feel that it will be mandatory upon those who fix prices to likewise fix wages. We have pointed out on page 32 of the report with respect to section 402 (b) that where we refer to an undue burden upon the seller, we mean a wage increase which would absorb so much of the net profit of the seller of a price-control-led article that a fair and reasonable profit would not be left to him.

Many of the controls carried in the committee substitute bill were recommended to the Congress by the President in 1948, and were embodied in bills presented at that time to the Senate by Senator BARKLEY and to the House by Representative SPENCE. Our Banking and Currency Committee then very definitely and positively refused to report a bill to impose such peacetime controls on our economy.

However, as pointed out in the introductory pages of our report, the situation now confronting us is entirely different. Technically we are not at war, but actually we are; and it is a war the proportions of which no one at the moment can define. Even if the war in Korea should be confined to that area, it might last for a year if the North Korean Communists are reinforced by the Chinese Communists.

We also know that the North Korean Communists have started an unprovoked war of aggression against South Korea under the advice of the Russian Communists, and with the assistance of materials furnished by them. We know that the Communists in other countries may resort to the same tactics in an effort to commit the Armed Forces of our country to defensive action on a broad front.

To meet that threat to our security and, in fact, to our national existence, it is imperative for us to mobilize our economic as well as our military power. Since, as I have indicated, we do not know the full extent of future military commitments, it is necessary for us to delegate to the President powers sufficiently broad to meet future emergencies or contingencies.

In the delegation of such powers it is just as futile to argue that they could not be abused as it would be to argue that an Army general to whom full power over the lives of his men is granted can never make any mistake in the exercise of that power. However, in economic mobilization, as in war mobilization, it is impossible to frame legislation based upon a distrust of those who will exercise the granted powers. The powers necessary to be granted in order that a successful job may be done must be granted under the assumption that they will be properly and wisely exercised. It has, of course, been the observation of every legislator who has burned the midnight oil in the perfection of needed legislation that no perfection of drafting has ever risen above the level of its administration.

In the preparation of the substitute measure, our committee has inserted numerous safeguarding provisions; but the fact remains that the bill delegates wide powers to the President, and its success will be determined by its administration.

It will be noted that the substitute measure provides for three separate and distinct steps in the program of economic mobilization, namely: Voluntary measures, compulsory measures on a selective basis at other than the retail consumer level, and finally, complete control of wages, prices, and rationing at all levels. Until we have complete war mobilization, we cannot deem it to be necessary or desirable to undertake complete economic mobilization.

We are likewise of the opinion that there are other phases of economic mobilization which are necessary and integral parts of a successful program. I refer particularly to three measures now under consideration: First, the elimination of all domestic spending which is not essential to the defense program; second, a measurable increase in income taxes and the imposition of an excess-profits tax; and third, the enactment of a comprehensive renegotiation act.

During World War II it was my privilege to serve on the subcommittee of the Ways and Means Committee of the House of Representatitves which drafted a renegotiation act under which the taxpayers of our Nation were saved over $10,000,000,000 through the recapture of excessive profits on war contracts, and a far greater sum through the repricing of war material, based upon prior contracts which had been renegotiated.

Our experience in World War II taught us that without an effective control on prices and profits, we shall pay entirely too much for war material. We learned that close pricing in a war emergency is an impossibility. Most contracts for munitions are made in haste. In addition, many war contractors are called upon to manufacture items with which they have had no previous experience; and under such circumstances costs and prices cannot be fixed properly until after some experience has been gained. Even with respect to standard items which already are in production, substantial volume increases have a tremendous effect upon costs and profits.

In the present emergency we have been asked to appropriate an aditional $14,000,000,000 to finance the expansion of the armed services. In the very near future we may have to appropriate many additional billions. These enormous increases in Government buying will result in high costs and excessive prices and profits, unless we have adequate protection against these evils. As previously indicated, a part of that protection can be supplied by a comprehensive renegotiation act.

The Renegotiation Act of 1948 is now in effect. The renegotiation of war contracts during World War II proved to be such a satisfactory control against excessive profits that with the advent of the expanded aircraft program in 1948, it was deemed advisable to apply a restricted renegotiation covering to that aircraft procurement. From time to time since 1948 we have amended the Renegotiation Act of 1948, but always on a limited or restricted basis. Generally, it is applicable only in the field of aircraft, and has served to prevent the realization of excessive profits in the procurement of aircraft and aircraft parts. For 1948 the application of the Renegotiation Act of 1948 was limited to procurement under the Supplemental National Defense Appropriation Act of that year.

The 1949 amendments to the Renegotiation Act applied only to aircraft and aircraft parts insofar as contracts for such items obligated 1949 fiscal year funds. The 1950 amendments extended the coverage of the Renegotiation Act of 1943 to all negotiated contracts entered into during the fiscal year 1950. I also sponsored that change in the Renegotiation Act, in the Appropriations Committee.

Thus, the 1948 act does not cover contracts resulting from advertised bids which were entered into during 1950 nor does it cover any contracts for any items other than aircraft and aircraft parts which obligated 1949 funds. Moreover, it does not apply to any contracts for less than $1,000 no matter how many of such contracts any single contractor may have, nor does it cover any contracts entered into by any governmental agencies other than the armed services.

The reasons for the limited coverage of the 1948 Renegotiation Act, as amended and extended from time to time, are no longer present. The 1948 act was confined to the portion of procurement which during the past 3 years was greatly increased over ordinary expectations—principally the aircraft expansion program. The war procurement now contemplated goes far beyond this field. Tremendous increase in buying is anticipated not only in the field of aircraft but in every other type of war material. It is these sudden large increases in procurement that breed excessive profits.

There is pending in the House of Representatives a bill (H. R. 9246) to apply renegotiation to all armed services procurement and the procurement of the General Services Administration. This bill specifically provides that the President may bring into renegotiation from time to time as the occasion may demand the procurement of other agencies of the Government such as the Maritime Commission or the Reconstruction Finance Corporation.

It follows very closely not only the framework but the details of the World War II Renegotiation Act, which proved to be such a satisfactory control of excessive profits.

This bill introduced by the distinguished chairman of the Armed Services Committee of the House has been very carefully and painstakingly prepared. Incidentally, the hearings on it in the House Ways and Means Committee commenced yesterday and will extend through today. Its preparation has continued from time to time over the past 3 years and represents, I am informed, the views and thinking of a number of persons both within and without the Government who had extensive experience with the renegotiation of war contracts during World War II. It is broad in its coverage and should prove to be an effective means of holding down excessive prices and preventing the realization of excessive profits on war procurement in the present emergency. The new bill will cover all contracts presently subject to renegotiation under the 1948 act but, of course, goes far beyond the coverage of the present law. It supersedes the 1948 act in such a way that no amounts paid to war contractors will be subject to renegotiation under both acts. In addition to its coverage, it differs from the 1948 act in several other respects. Many of the exemptions from renegotiation contained in the World War II Renegotiation Act and in the 1948 act are not carried in the proposed bill. I am in accord with this general philosophy. I feel that the wisdom of statutory exemption from renegotiation is doubtful at best. If we are to have wartime renegotiation it ought to apply to every form of war procurement and there is little justification for exempting any group or class from its coverage. The bill gives the Renegotiation Board authority to exempt contracts by general classes or types if it finds this action desirable. If exemptions are to be granted, it would seem to me much better for the Renegotiation Board to make such exemptions in the light of a full knowledge of all the facts and circumstances. Under the rapidly changing conditions of wartime procurement, it is impossible for the Congress to prejudge these situations, and it is my own view that the Government's interest would be much better protected by giving the Board sufficient scope and freedom of action to meet circumstances as they arise, and it can exercise the discretionary power which the bill gives it in the light of circumstances prevailing at any given time.

There are only two major respects in which the proposed bill seems to me to be inadequate. First, it would become effective for the entire fiscal year of any contractor during which it became law. Thus, if the bill were enacted in August, for example, it would apply to all contractors who keep their accounts on the basis of the calendar year 1950 and to all fiscal years which had not ended prior

to August 1. This, of course, would make the bill retroactive in its effect, which, under the circumstances, I feel is not justified. The moneys have not yet been appropriated and therefore cannot have been received or accrued by any contractor.

Mr. MAYBANK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from South Carolina?

Mr. ROBERTSON. I yield to the distinguished Senator from South Carolina.

Mr. MAYBANK. If I may be permitted to do so, I desire to call to the attention of the Senator from Virginia an amendment which I discussed with the committee, and on which I desire to have the Senator's comments, in the course of his speech. After consultation with the distinguished Senator from Virginia, the Senator from Indiana, and other Senators, during the hearings, I took it upon myself to offer an amendment, which I hope will conform to their ideas. The amendment is on page 43, line 24, after the word "subsection", to insert a semicolon and the following: "but the President shall make appropriate provision to prevent hardships and inequities to sellers who have bona fide contracts in effect on the date of issuance of any such regulation or order for future delivery of materials processed from raw materials, and particularly from agricultural commodities, in which seasonal demands or normal business practices require contracts for future delivery."

Mr. ROBERTSON. Mr. President, I think that is a good amendment, and I certainly hope the Senate will accept it. I have in mind the conversation I recently had with the President of Dan River Cotton Mill, which is one of the largest, if not the largest, cotton mill in the United States. He told me that in order to keep his mill running he was bound to buy cotton in advance for future delivery, that he could not control the price, and so he was committing his company to the purchase of cotton. Then, he said, "What would happen to me if, months later and before that cotton is translated into cloth, they would roll back the price of cloth, irrespective of what the cotton has cost me that went into the cloth?" As I understand, the amendment suggested by the distinguished Senator from South Carolina calls upon those who will do the price fixing and the potential rolling back of prices to take those facts into consideration, and not work any harsh and unfair penalty upon the manufacturer.

Mr. MAYBANK. We want to protect the honorable businessmen and honest business. As the Senator well knows, we do not want any grey markets or black markets, but we do want bona fide operators to be able to contract for the future delivery of goods. The Senator speaks of the Dan River Cotton Mill. He might speak of other mills or of other processing plants. This is August. The cotton mills are now working on cotton goods for next spring. It takes 6 months to finish the product from the raw material to the manufactured product sold by the garment manufacturers.

I thank the Senator.

Mr. ROBERTSON. Mr. President, it seems to me, with respect to this new renegotiation bill now being considered in the House, that it would be much fairer to the American businessman and, at the same time, would afford adequate protection to the Government, if the application of the act could be confined to amounts received or accrued by contractors after the bill becomes law. Of course, as a corollary, the 1948 act should cover the amounts otherwise subject to that act which are received or accrued by contractors prior to the effective date of this act. For ease of administration and accounting simplicity, the effective date of the proposed bill, and the termination of the 1948 act should coincide with the commencement of a month.

There is another respect in which I think this bill should be changed. For its administration it provides a Renegotiation board consisting of six members—one to be appointed by the Secretary of the Army, one by the Secretary of the Navy, one by the Secretary of the Air Forces, and one by the Administrator of the General Services Administration. The other two are to be designated by the President with the view that they would represent all of the other agencies of the Government whose contracts may be made subject to renegotiation by Executive direction.

It is my firm conviction that the Renegotiation Board should be independent of the armed services procurement agencies. This is not to say that the Board should be completely divorced from the armed services. Cooperation between procurement officials and the Board is indispensable to good administration, but at the same time I am convinced that control of the Board by the armed services would be a mistake.

Those initially charged with the responsibility of making contracts for war procurement are by the very nature of their duties primarily interested in getting the best goods possible under the circumstances as quickly as they can be procured. These procurement officials are by the inherent nature of their duties only secondarily interested in the amounts ultimately paid for these war contracts. It is easy to understand how such procurement officials are not always happy to have their pricing policies second-guessed by the renegotiation officials.

The Renegotiation Board will have an extremely difficult and delicate job under any circumstances. It ought not to be subject to the control of the procurement officials. In my opinion complete independence of action by the Renegotiation Board is indispensable toward securing equality of treatment among contractors, fairness in the application of the law and uniformity of result. Without these virtues renegotiation can never succeed.

It would be my own conviction that the bill should repose all renegotiation authority in the chairman of the renegotiation Board with a provision that the other members of the Board should be advisory to the chairman. If this is done the chairman should be appointed by the President with the advice and consent of the Senate and he should be given complete freedom from the procurement agencies.

In essence, renegotiation is a matter of judgment and common sense. Our experience in World War II demonstrates conclusively that if we are to have a satisfactory administration of the Renegotiation Act, we must select a good man, give him ample authority and wide freedom of action and let the chips fall where they will. I am convinced that the American businessman will accept renegotiation in this emergency, as he did in World War II, as a necesary control, so long as he is convinced that the act is being applied uniformly with equality of treatment and with fairness to the businessman and the Government alike.

I am further convinced of the patriotism as well as the courage of the American people and their willingness fully to cooperate in this defense effort if the problems are adequately explained and the type of cooperation needed is clearly indicated.

Mr. President, I yield the floor.

Mr. IVES. Mr. President, before beginning my remarks I desire to have it understood that because of the character of the statements I shall make in my presentation I shall decline to yield until their conclusion. At that time I shall be very glad to yield for any questions which any Senator may desire to ask, and I shall endeavor to answer them, insofar as it may be possible for me to do so.

Mr. President, the American people hate controls. Most of all, they hate governmental controls. Anything of this nature is wholly contrary to our American concept of freedom and our American way of life.

But the American people are also realistic. Perceiving the requirements of war and the demand upon them to accept inconvenience and discomfort, and even sacrifice, if need be, they are undoubtedly willing to accept whatever restrictions and even regimentation may be required of them.

I doubt that it is necessary to convince the American people that they are now beset by a very grave crisis, in which our future freedom and freedom everywhere is at stake. I feel sure that in an all-out effort to protect and preserve these freedoms the American people are willing to go all the way.

In these remarks I shall not discuss all of the aspects of S. 3936. Neither shall I discuss in detail the provisions of this bill. These matters have been covered already most thoroughly and effectively by others who have spoken, and they are very fully considered in the committee report.

Rather, I shall confine this statement to certain features of this legislation which seem to me to be of especial concern at this particular time.

It seems to me that the attitude of most of us toward the present task of national mobilization on the home front may be characterized by total agreement on the goals we seek. That there is

some disagreement over the methods or procedures we would adopt for this purpose is only natural.

That the forces of freedom must be maintained—wherever they struggle or are threatened—is nowhere doubted. To this end, Americans at home are faced with a seemingly anomalous situation.

How to impose controls over our economy which will prevent disastrous inflation without severely regimenting it seems to constitute a serious dilemma. It seems to me, however, that this dilemma actually is more imaginary than real.

There is a large area of agreement with respect to the desirability of many of the basic powers which this bill would grant to the President. The power to divert needed resources from peacetime consumption channels to production of the stuff of war and the authority to set up coordinated over-all credit controls are generally accepted as essential for the job we must do. There are few who dispute the merit of including provisions for stockpiling scarce materials and for insuring by Government guaranty defense expansion loans.

Our defense chiefs have estimated that for the current year $23,000,000,000 will be necessary to produce the goods of war. This means that about 10 percent of our annual product of goods and services is being diverted from the normal consumption stream at a time when the postwar demands for consumer goods remain yet unmet. Furthermore, pent-up demand and the very real possibility that this comparatively small portion of our national product may have to be increased drastically, and at a moment's notice, make the potential inflationary pressure too real to be ignored.

As everyone should recognize, Korea may well be only the first symptom of a whole rash of Soviet-sponsored aggressions, in the form of so-called people's revolts, aimed at dissipating eventually our strength and then forcing us into an all-out war. As we would set our future course, past treacheries and present-day uncertainties make precise predictions regarding even the immediate future presumptuous beyond reason.

It is this very impossibility of accurate prediction that makes failure to prepare for any eventuality a frightful gamble.

This bill should both insure a steady flow of war materials and avoid a disruption of our domestic economy which would play directly into Soviet hands. Through its provisions a wide range of adaptable weapons—designed to cope with whatever degree of mobilization may be necessary—would be made immediately available for executive use.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. IVES. As he stated in the beginning, the Senator from New York declines to yield until he has completed his remarks. After he has completed his remarks he will be very glad to yield.

Also included, however, are adequate safeguards against the possibility of haphazard or arbitrary or capricious exercise of the powers granted. The authority to be delegated would be as precisely restricted as is possible under existing uncertainties. Moreover, means for the operation of an effective congressional checkrein have been included.

In the first place, where controls over prices and wages are concerned, the dangers of piecemeal application have been largely obviated by linking price controls to wage stabilization and by requiring at the consumer level the blanket exercise of both powers simultaneously. The interdependence of prices and wages could then no longer escape the convenient memory of a susceptible administrator.

Powers are granted to regulate wholesale prices on a selective basis. Recent wholesale price jumps of many vital commodities leave little basis for disputing the necessity for this provision.

For instance, the wholesale price of rubber has risen over 100 percent since pre-Korea; tin has skyrocketed 33 percent; and cottonseed oil has advanced a fourth of its June 23 price. Prices of all these products—needed for both defense and home consumption—illustrate a rise that, without controls, may develop into full-fledged inflation.

But even when control power would be exercised selectively, on the wholesale level, no wage increase could be granted unless it were first shown that such increase would neither bring about an increase in price nor impose an undue burden upon the seller.

At the consumer level—and this is the consumer of whom I speak—controls would be instituted only across the board and could include rationing. Here the maleffects of selective application would be likely to outweigh any evil which over-all controls might bring. The piecemeal exercise of consumer control would exert such unbearable pressure on unregulated products that prices would almost certainly spiral. At the same time wage stabilization would be mandatory, and the power to institute either price control or wage control would be contingent upon the immediate exercise of its counterpart.

I have been impressed with the argument of those who are supporting a so-called trigger or safety-valve formula, by which to impose automatically at the consumer level controls over prices, wages, and rationing. At first glance this proposal seems to contain plausible inducements, but a more careful consideration of it discloses its possible pitfalls.

Any plan by which these controls would become perfunctorily effective when the cost-of-living index of the Bureau of Labor Statistics might rise a certain percentage above a given level seems to me to be of dubious value. To be sure, it might tend to restrain the action of those forces which have been propelling the cost-of-living index upward in recent weeks, but it might just as easily have the effect of accelerating a rise in the cost-of-living index to the point where controls would have to be imposed by law, regardless of other conditions which might exist at the time.

This kind of plan might act something like a Frankenstein—over which no person or group of persons could have any influence if it were to go beserk—until it would have reached the fateful objective which the law might allow. This seems to me the course of irresponsibility, by which the Congress would seek to pass the buck and the Executive would be powerless to act, no matter what the circumstances.

On the other hand, I have been no more impressed with the proposal to place with the Congress the duty finally to put into effect such stand-by controls, or any part of them, as we may authorize at this time. Adoption of such a proposal would impair the effectiveness of such controls as we may now authorize the executive to impose at once; it would serve as a handicap to efforts to curb inflation; it would place with the Congress vital administrative responsibility which the Congress should never assume in time of war; it could deprive the executive of the capacity to act in the event of a sudden critical emergency when immediate action would be imperative; it would belittle the gravity of the Korean crisis; it would deny the reality of the great peril which threatens the nation.

A second safeguard embodied in this bill, and heretofore not included in price control legislation, is a broad provision for the judicial interpretation of administrative regulations by courts in the jurisdiction where the dispute might arise. The purpose of this provision is to alleviate the financial strain of costly litigation when all cases must come before the Emergency Court of Appeals, here in Washington. Under this bill, only suits either to enjoin enforcement or to test constitutionality of an administrative control regulation would be required to come before this specialized court.

In the drafting of the bill, careful consideration was given also to the problem of assuring a steady supply of the tools of war—free from the interruptions of labor disputes.

The great necessity for primary reliance on voluntary cooperation in the conduct of labor-management relations—even in wartime—stems from a very basic constitutional distinction. The right of government to impress a person into military service has always been distinguished from any right to force one person to work for the profit of another, even though that work may be the production of the materials of war.

The increasing complexity and interdependence of modern society, however, have forced labor, along with all other segments of the economy, to accept regulation in the public interest. The growing dependence of those who do the fighting upon those who make the weapons with which to fight has made this never completely clear distinction between those who serve in the Armed Forces and those who work in the plants—in wartime—even less distinct.

In fact, the courts have upheld the constitutionality of the national emergency provisions of the Labor-Management Relations Act of 1947, which can require that workers stay on the job for at least 80 days when a strike would seriously threaten the national health and safety in peacetime.

By the terms of the pending bill, the Labor-Management Relations Act of

1947 would be controlling in matters affecting the relationship between labor and management, including collective bargaining. It seems to me, however, that this is as far as we should go in legislation of this type.

It should be remembered in this connection that during the period of the present emergency it is expected that the Congress will not adjourn, but, at most, will recess only for very limited periods of time. If, therefore, any serious work stoppage should arise or even be threatened, in spite of the terms of the Labor-Management Relations Act of 1947, the Congress would be readily available to pass such legislation as might be needed to meet the difficulty.

Charges of abdication of congressional responsibility and fears of dictatorial bureaucratic control serve only to obscure the basic issue of national security.

In the formulation of this bill, provision has been made for congressional restraint upon such power as would be delegated.

The Congress has neither the time nor the special competence necessary to administer economic controls. In any case, this is not a proper function of the legislative branch.

For the implementation of authority which must be delegated to the Executive, the bill would require that the head of any new control agency must be confirmed by the Senate. In addition, it is expected that such an appointee would be especially qualified to carry out the details of congressional authorization. This is the person who must advise the President with respect to technical decisions as to how and when controls should be applied to best effectuate those policies which the Congress would have established.

Charges of congressional abdication obscure the fact that responsibility for basic policy decisions—as always—would remain with the Congress, and that a special legislative "checkrein" would be included to insure continuing legislative surveilance. Aside from the standard equipment of congressional control, such as confirmation of agency heads and annual appropriations, this bill contains a special provision for a joint congressional—so-called watchdog committee, to be created for the purpose of aiding the standing committees of the Congerss by reviewing continually the plans and programs which would be carried out under the act.

A second unfounded charge—fear of dictatorial governmental regimentation under power granted—has been levelled against the bill; but every feasible limitation has been placed upon the broad powers which it would grant. The bill itself, in fact, is designed in the hope that under it over-all regulation would be unnecessary.

Comprehensive credit control, extending to both Government and private new construction, should relieve inflationary pressures before "across-the-board" regulation would be required. Credit control, coupled with higher taxes to drain off excess purchasing power, might alone do the job.

But if these indirect methods should prove insufficient, then the direct means to stifle inflation before it would get out of hand would be immediately available. Even then, these over-all direct powers would be limited in the first instance to the life of the bill—a period of less than 2 years. After that time authority for their continuation, and, indeed, for the continuation of the act itself, would have to be specifically regranted by the Congress by affirmative action.

An already serious inflationary condition in the country and the realities of daily living make inevitable the conclusion that standby consumer controls should be authorized now. Furthermore, the governmental machinery essential to their application should be established without delay.

Prices of coffee, sugar, and bread—to cite a few—according to a special spot survey of national markets prepared for me by the Bureau of Labor Statistics, yesterday reached all-time record retail peaks. Yesterday morning coffee brought a national average of 82 cents per pound, up 10 percent since June 23; a 10-pound bag of sugar sold for $1, in contrast to its 94 cents pre-Korea price; while bread has risen on an average of over 1 penny a loaf. These are products purchased daily by American housewives. Legislative inaction now would further aggravate the hardship that these prices have brought to every American family.

As I have emphasized time and time again in the past, I am unalterably opposed to unwarranted governmental regulation and control. I was strongly opposed to such controls in 1946. But conditions in 1946 were quite different from those which we now face. In 1946 it was a matter of dropping controls as rapidly and intelligently as possible in order to restore a peacetime economy as quickly as possible. Now it is a matter of as much and as rapid mobilization for our national defense as may be necessary to meet whatever the future may bring.

Controls authorized, or even imposed, now seem a small sacrifice of liberty in terms of what failure properly to mobilize our economy may ultimately bring. Surely there can be no question of choice between acceptance of limited governmental regulation and control, on a temporary basis, by honest-to-goodness Americans, and the possible alternative of permanent and absolute control administered by a Soviet commissar.

In conclusion, Mr. President, I want it definitely understood that I am not wholly satisfied with everything in the bill. I know that I am very likely to be joined in this feeling by every member of the Committee on Banking and Currency. We recognize that there are things about it which might be improved. I am sure I join the other members of the committee in the statement that I stand ready to support any amendment which may be offered, which has real promise of improvement to the bill. But at the same time I want it again understood that I shall not support any amendment which I do not think will improve it. By and large, Mr. President, the bill, it seems to me, is as good a product in spite of the defects it has, as we can agree upon at this time.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. IVES. I yield.

Mr. MAYBANK. Some time ago I asked the Senator if he would yield, but the Senator said he preferred to finish his remarks. Some of the questions I had intended to ask the Senator at the time I previously asked him to yield, he has answered by his remarks.

As chairman of the Committee on Banking and Currency, I wish to say that the bill is a better bill than it would have been had it not been for the untiring efforts of the Senator from New York, for his constant attendance at the meetings, and for the knowledge he shared with us. I agree with him that the bill is not a perfect one. No bill of this nature could be perfect.

I was very much impressed when the Senator some time ago used the word "gamble" when he said we had to do something or do nothing. I am thoroughly in accord with the Senator that something should be done lest, as I remember the Senator's remarks, the Communist activities spread beyond Korea. Am I correct?

Mr. IVES. The Senator from New York would like to point out that he feels one of the great divisions of opinion at this time is due to a difference in the acceptance of what might be termed a major premise. There are those who feel that the Korean situation, the Korean crisis, is only an incident; that it is nothing more than a police affair to be resolved by the United Nations. I respect the opinion and the attitude of those who entertain that view, because I think they are honest in it; but I cannot accept it. I believe that the Korean incident is only a part, a very sad part, a tragic part, to be sure, of a world-wide situation to which the American people can no longer afford to be blind.

Mr. MAYBANK. I thank the Senator. That is why the Banking and Currency Committee, after executive hearings, executive sessions with General Bradley and Secretary Symington and others, brought the bill to the floor of the Senate. If the majority of the committee had believed that the Korean situation was only an incident we would not be before the Senate, in my judgment, at such an early date as this asking for a vote on the bill.

Mr. IVES. If I thought the Korean situation was only an incident I would be fighting the bill as strongly as I could fight.

Mr. MAYBANK. The Senator from New York would not be fighting it any more strongly than would the chairman of the committee.

Mr. IVES. Not any more strongly than the chairman of the committee; I will admit that. I wish to pay my earnest respects to the chairman of the committee, without whose guidance and judgment the bill would not have been brought to the Senate as quickly as it was.

Mr. DOUGLAS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. GRAHAM in the chair). Does the Senator from New York yield to the Senator from Illinois?

Mr. IVES. I yield.

Mr. DOUGLAS. First let me congratulate the Senator from New York for his characteristically public-spirited and clear-headed exposition.

Mr. IVES. The Senator from New York is grateful for those remarks, but he is a little suspicious as to what may be coming.

Mr. DOUGLAS. No; I have no guile. I think the Senator from New York has made it perfectly clear that he, like the rest of us, does not want to see individual or collective price controls invoked unless they become absolutely necessary.

Mr. IVES. That is correct.

Mr. DOUGLAS. And that he is in favor of the bill simply because of his fear, and I think it is a well-grounded fear, that we may wake up some morning and find ourselves in a very difficult military situation, and that in such a situation there should be legislation on the books which will permit the Executive to act on the home front in economic matters.

Mr. IVES. Let me answer the distinguished Senator from Illinois in this way. It is not exactly a fear which the Senator from New York entertains. It is a firm belief that unless we do something, unless we are realistic about the crisis with which we are faced, we will wake up some morning to the realities to which the Senator from Illinois alludes.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. IVES. The Senator from New York yields steadily to the Senator from Illinois.

Mr. DOUGLAS. It is not retreat in depth, however.

Mr. IVES. No; that is all right, so long as we keep it spread out.

Mr. DOUGLAS. Does not the Senator from New York feel, important as this legislation undoubtedly is, that even more important is a financial and credit policy under which the Government will pay for the added costs of military preparation out of taxes, rather than being compelled to go to the banks and borrow from them?

Mr. IVES. Mr. President, although the Senator from New York mentioned it, he did not discuss the matter of taxation to any extent in his prepared remarks, because of the fact that that is not directly before us, and is not wholly germane to the bill. But the Senator from New York wants it understood that he probably feels as strongnly as does the distinguished Senator from Illinois that, situated as we are at the moment, insofar as it is humanly possible to do so we should carry on the present armament program on a pay-as-you-go basis.

Mr. DOUGLAS. I congratulate the Senator from New York again for this added display of clear headedness, to which we have become accustomed.

Mr. IVES. The Senator from New York again thanks the Senator from Illinois, but he is again suspicious.

Mr. DOUGLAS. I am sorry if my past conduct has given rise to such a suspicion.

Mr. IVES. I am very grateful, anyway, to the Senator from Illinois.

Mr. DOUGLAS. Is it not true that if we do not pay for the current cost of the war by taxation, and are compelled to go to the banks to borrow credit from them, the net result will be that the banks will create credit upon their books against which the Government will draw, and that the ratio of money and credit to goods will increase, with a consequent rise in the price level? If that were to happen, then, even if we had individual and collective price controls, they would be frail protection against the flood of inflation which would be let loose upon us, and would it not be camparable to trying to put up a straw dam in a ravine that was experiencing a flash flood?

Mr. IVES. Let the Senator from New York now in turn extend to the Senator from Illinois a genuine compliment. The Senator from New York recognizes the Senator from Illinois for his great capacity, not alone in legislation and in the grasp of great problems, but particularly in the field of economics, wherein he excels to such an extent that he is recognized today as one of the great economists of the country.

Mr. DOUGLAS. I begin to feel suspicious.

Mr. IVES. Of course, the Senator made such a clear presentation by the question he asked me that I do not need to answer him now. One thing, however, which the Senator from Illinois was very careful to avoid in his build-up to the final conclusion he reached in his question, was that by the process which can occur unless safeguards of a type to which the Senator refers are imposed, the American dollar will shrink to nothing, or less than nothing. That is the important thing about it.

Mr. DOUGLAS. I may say that I felt almost as suspicious of the compliments the Senator from New York has paid to me as he apparently felt about my kind words to him.

Mr. IVES. Mr. President, I suggest that we now abandon all suspicion, and that we talk very frankly.

Mr. DOUGLAS. Certainly.

Is it not imperative, therefore, that while both of us agree that some bill of this nature should be enacted, yet neither the Congress nor the administration nor the public should think that inflation is guarded against by the passage of this measure, because if we do not pay from current taxes the costs of the armament program, but if we have to borrow from the banks, the result will be such a pent-up amount of purchasing power that we shall not be able to block the inflationary gap, and the result will be a tremendous increase in prices?

Mr. IVES. I agree; but I also wish to point out that without the enactment of this bill, even though the approach to which the Senator from Illinois refers is taken, there will be a big loophole in the entire structure, and the structure will be likely to crash.

Mr. DOUGLAS. I agree with the Senator from New York that I regard some such measure as this one as necessary to be enacted, but I think the danger is not guarded against merely by the passage of this bill if we do not pay for current costs out of current income, rather than by creating checkbook money which will merely build up prices.

Mr. IVES. Mr. President, I think there is another aspect to the problem which must be taken into consideration in that respect, namely, that so far as it is humanly possible to do so, the cost of government on the domestic front must be reduced to an absolute minimum. That is just as important as anything we are talking about at this time, and I know that the distinguished Senator from Illinois fully agrees with me in that statement.

Mr. DOUGLAS. I not only agree with the Senator from New York, but I am still bleeding from almost every pore from the kicking around which has been received during recent months as a result of my efforts to achieve economy. I have had to put absorbent cotton on almost every vein.

Mr. IVES. Mr. President, I pay tribute to the Senator from Illinois.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. IVES. I yield.

Mr. WHERRY. I wonder whether the Senator from Illinois is bleeding from his pores because of the fact that he voted for the ECA appropriations. In connection with the remarks which have been made about the economy drive, and apropos of the mutual admiration society between the Senators——

Mr. IVES. Mr. President, I would observe in that connection that it is a question of interpretation. I also voted against including the ECA appropriations in the 10 percent reduction proposal.

Mr. WHERRY. I am not questioning a Senator's right to vote for the ECA appropriations; but when Senators talk about what they have done in an effort to achieve economy and in their efforts to vote for economy, and how they are bleeding from their pores because of their efforts in that battle, I wonder whether the Senator is bleeding from his pores as a result of voting for the expenditures proposed to be made for the ECA program.

Mr. IVES. Yes; but I would remind the Senator from Nebraska that there is such a thing as being penny-wise and pound-foolish.

Mr. WHERRY. Mr. President, will the Senator yield at this point?

Mr. IVES. I yield.

Mr. WHERRY. Then I should like to ask the Senator how much in the way of taxes he would vote to assess on the American people. Let us say that the budget rises to $65,000,000,000 or $75,000,000,000 this year. Would the Senator from New York want to pay for all of that this year?

Mr. IVES. We could not pay for all of it this year, if the budget went up that much.

I should like to ask the Senator from Nebraska whether he has any knowledge that the budget will be that large this year.

Mr. WHERRY. I say to the distinguished Senator from New York—and that is the subject of my next question—that that will depend on whether the present action is a police action or whether it is an all-out war. I should like to ask the distinguished Senator about that.

Mr. IVES. I have answered that already.

Mr. WHERRY. Have we declared war?

Mr. IVES. Mr. President, I should like to point out that years ago a declaration of war ceased to be a necessity.

Mr. WHERRY. Does the Senator mean during the past 16 or 18 years?

Mr. IVES. Since we have had some of the prevalent new ideologies.

Mr. WHERRY. I completely agree.

The point I am trying to make is that without a declaration of a national emergency or without a declaration of war, and with the present administration telling the American people that the Korean action is only an incident, certainly there is a difference between a budget which will meet that requirement and a budget which will do what I think the Senator from New York thinks we should do—and I agree with him.

Mr. IVES. Very well; now the Senator from Nebraska and I are getting somewhere along the same trail.

I have criticized the administration for not being candid enough with the American people. These are times which call for candor—candor from the highest places possible. Insofar as our national security and protection and safety will permit, that candor should be forthcoming.

Mr. WHERRY. I thank the distinguished Senator from New York for that observation. I think we are on exactly the same trail, judging from the observation he made, and I deeply appreciate his statement.

Now I will answer the question the Senator asked me: I myself believe the Korean situation is not an incident. I myself believe that the program that is being requested by the military will require huge appropriations. Because of that fact, I believe that the Senator from New York is on sound ground when he states that the American people should be so advised, and that that situation should be prepared for, in an attempt to stop the inflationary spiral.

Mr. IVES. Mr. President, I did not say that the American people should be advised that the Korean situation is an incident. I clearly indicated in my earlier reply to one of the questions asked by the Senator from Illinois that I have a great deal of respect for those who view this matter as merely an incident, something to be brushed off. I do not criticize those who honestly believe that, but I cannot accept that premise.

Mr. WHERRY. I think the Senator from New York misunderstood me.

Mr. IVES. If I did, I apologize.

Mr. WHERRY. My statement was that the Korean situation is not an incident; and I said that in agreeing with the Senator from New York that this situation may become world-wide, and therefore may require huge appropriations in order that we may prepare for it, I think that because of that fact the American people should be so advised and should be told that they are going to be taxed heavily and that they must tighten their belts, and that there will be an inflationary spiral unless the Congress enacts legislation sufficient to stop that spiral.

Mr. IVES. Mr. President, I myself have been talking along that line, and I can only agree with the Senator from Nebraska. I feel very strongly that the time has come when the American people must realize that the great crisis with which we are faced now may not be over tomorrow or next year or in the next 10 years, but it may require at least a generation to overcome and resolve; the American people must adopt the attitude that we are in for very tough days ahead.

Mr. WHERRY. Mr. President, that observation is in complete accord with what I said a moment ago. I think the question can be answered on that basis, because it seems to me there is a difference between an approach on the theory that the Korean situation is an incident which may level off and an approach on the theory that in the next 3 or 4 years there must be appropriations sufficient to enable us to meet any emergency. It is my opinion that the Congress must appropriate amounts larger than any which have been requested as yet.

Therefore, I think the budget for 1950–51 will far exceed any estimates which have been made thus far.

Mr. IVES. In such case, we may not be able to pay for all of it in 1 year by means of taxation.

Mr. WHERRY. That is the point.

Mr. IVES. But I should like to point out that I believe that an ounce of prevention is worth a pound of cure.

Mr. WHERRY. Mr. President, if the Senator from New York and the Senator from Illinois mean that this situation will require the exaction of taxes to the extent of our ability to pay, in order to go along on that program, then, of course——

Mr. IVES. Mr. President, I think it should be understood in that connection that the Senator from Illinois—and I am very sure I can speak for him in this regard—and certainly the Senator from New York were talking about the proposed expenditures with which we are actually acquainted.

Mr. WHERRY. That is the proposed budget amounting to approximately forty-five or fifty billion dollars.

Mr. IVES. That is correct, and that is what we are talking about.

Mr. WHERRY. Once again let me say that it is a question of the approach we make to the subject matter. If the budget is to be approximately forty-five or fifty billion dollars, that is one thing; but if the budget is to be sixty-five or seventy billion dollars, that is quite another thing.

As I interpret the statement the Senator from New York has made——

Mr. IVES. I said what I meant.

Mr. WHERRY. If the Senator from New York meant what he said a while ago, then he did not definitely state what the budget would be. I asked him what he thought the budget would be.

Mr. IVES. The Senator from Nebraska was not present when I was making my preliminary remarks. I pointed out what I expected, insofar as what is known. I cannot contemplate what cannot be known.

Mr. WHERRY. Mr. President, if the Senator will yield further, I should like to ask another question.

Mr. IVES. I yield.

Mr. WHERRY. I think I understand what the Senator from New York meant when he said that taxes should be increased sufficiently to permit us to proceed on a pay-as-you-go basis. Certainly that will mean taxing the American people to the utmost of their ability to pay.

Mr. IVES. I said we should do so insofar as it is humanly possible. The Senator from Nebraska will note that I said that, if he will examine the record.

Mr. WHERRY. I agree with that statement.

Mr. President, if the Senator will yield, I should like to ask some detailed questions, if I may, concerning the provisions found on page 77 of the bill.

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Nebraska?

Mr. IVES. I yield.

Mr. WHERRY. It has to do with voluntary agreements or controls, which are to be approved by the President. Section 712 (a) provides:

> In order to carry out the purposes declared in section 2 of this act, the President is authorized to consult with representatives of industry, business, banking, insurance, and agriculture with a view to encouraging the making, by persons engaged in industry, business, financing, and agriculture, of voluntary agreements approved by the President—

It then sets forth in the subdivisions the ones which the committee apparently feels are good, namely, "(1) providing for allocation of transportation facilities and equipment." Is there any evidence in the record as to the formula by which that would be carried out, if the President were given this authority?

Mr. IVES. The Senator from New York does not have in mind any evidence on that point.

Mr. WHERRY. Does the Senator from New York have any observation he desires to offer on it?

Mr. IVES. The Senator from New York has no observation to offer on it. He would assume that in doing that job the administrator—in this case, the President, or someone named by him—would be responsible for it and would use common sense.

Mr. WHERRY. How about subsection 2, "providing for priority, allocation, and inventory control of scarce materials necessary for the national defense"? Does that mean that only defense articles are to have priority, or

does it mean that it applies clear across the board, including civilian allocation?

Mr. IVES. In that particular instance, it is referring to the national defense.

Mr. WHERRY. Does not the Senator feel that that should be made clear?

Mr. IVES. It should never be forgotten that in the matter of national defense, the civilian population is just as much involved as are those in the actual armed services of the country.

Mr. WHERRY. Mr. President, as I read that paragraph it sounds at least as if what the committee intended was to have the voluntary agreements apply only to "providing for priority, allocation, and inventory control of scarce materials necessary for the national defense." Does that mean strategic materials at the source, or does it go clear through the economy, including all production, all distribution, and so forth, as they affect the civilian economy?

Mr. IVES. The Senator from New York would like to answer the question raised by the Senator from Nebraska, which is a very fair one, by referring the Senator from Nebraska to page 66, section 702 (d), where the term "national defense" is defined as follows:

> The term "national defense" means the operations and activities of the Armed Forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.

The Senator from New York would like to observe that he, himself, does not think it is exactly a perfect definition of "national defense." Any definition which includes the term being defined within the definition itself is not generally construed to be a very perfect definition. But that is what is meant.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. IVES. I yield.

Mr. WHERRY. As I read the definition, certainly subparagraph 2 of section 712 is not all-inclusive, so far as priorities are concerned, with which I think the economy will be confronted almost immediately. Let us take, for example, any of the foods, fuel oil, or steel, but particularly foods, and the distribution thereof. It seems to me that that subparagraph should go further than the definition that has just been read.

Mr. IVES. The Senator from New York would suggest to the able Senator from Nebraska that if he feels that way about it, it might be a good idea for him to prepare an amendment along the line he is indicating. The Senator from New York would have no particular objection to it, if the amendment were of a proper nature, but he would again point out that presumably these matters are to be handled by someone with intelligence.

Mr. WHERRY. From my experience during the past 5 or 6 years, I should say that everything the Congress can write into the act probably will be a good guide to those who are going to administer it, even though they may have had experience.

Mr. IVES. Let me point out one thing in that connection. I think that is a beautiful thought, and there is no question about that. But if the act is cluttered up with all these particular things, we would probably wind up by freezing everything down so tightly that it would be impossible of administration.

Mr. WHERRY. Mr. President, if the Senator will yield for another question, perhaps I may state what I have in mind.

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Nebraska?

Mr. IVES. I yield.

Mr. WHERRY. In the distribution of any commodity, as, for example, fuel oil, this particular subsection, as worked out, would be applied on a voluntary basis. In former years it was worked out on a formula which provided that the producers should distribute their products on a quota basis, percentage-wise, to the customers or to the distributors, on a basis of purchases, say, for 2 years in advance. In other words, take a producer of petroleum products, a distributor, and a retailer. It was found in the Small Business Committee, in many of the oil hearings conducted by that committee—and this is but one of the segments of the economy—that when materials became scarce those who produced them attempted to retain control clear through, from the producer to the retail level, and, in fact, to the consumer, and that immediately those who were dependent on that source of supply found that they had no source of supply and must look elsewhere. It is my feeling, if there is to be an attempt to provide priorities and allocations across the board for both the military and the civilian economy, that if it is put into effect, it ought to be put into effect through a program about which we would have something to say. That is the point I am trying to raise.

Mr. IVES. The Senator from New York very likely would support such an amendment, if the Senator from Nebraska has one to offer, assuming it would be workable.

Mr. WHERRY. I am asking the questions in order to find out what was in the mind of the military. If the Banking and Currency Committee means that all we are to do is to regulate strategic materials necessary for the national defense, that is one thing. If it is to go clear across the board, that is another thing.

Mr. IVES. The Senator from New York in this connection would like to point out that, at the beginning of section 712, it is indicated that this is to be done through a voluntary process.

Mr. WHERRY. Certainly.

Mr. IVES. There is nothing mandatory about any of it, in this particular part of the section.

Mr. WHERRY. Mr. President, I am not disagreeing with the statement that this is a discretionary power, to be used in the discretion of the President. But my feeling is that if the President elects to put it into effect and exercises that right, then the provisions of the four subparagraphs of section 712 should be so framed that the Congress would have a say as to how those priorities are to be extended across the board and into all the levels of our economy. I think I gave one illustration which very clearly shows the position in which many dealers would find themselves, in case the conditions were parallel or similar to those in which they found themselves in 1945, 1946, and 1947.

Mr. IVES. The Senator from New York certainly would not be opposed to implementation, if it may be called that, of the bill by that process, assuming that it can be done and still leave the bill workable.

Mr. WHERRY. Voluntary agreements or controls were satisfactorily used with respect to fuel oil, newsprint, steel, and several other basic commodities, which I am satisfied will be in short supply. Lumber is another one.

Mr. IVES. I should like to observe that I see no reason why that process should not be followed voluntarily, under the terms of the bill. However, if the Senator from Nebraska feels it should be written into the bill, and it can be written in properly, very likely I should support it.

Mr. WHERRY. I thank the Senator. I wanted to get the background, because if it runs clear across the board I think amendments should be offered, at least, suggesting a formula.

Mr. IVES. I should like to caution against the danger of writing into a bill too much detail, so that we actually freeze the operation of the act. We must leave a certain amount of latitude to the administrator. Generally speaking, if we have a sound and sensible administrator, the greater the latitude, the better the administration.

Mr. WHERRY. The difficulty under the last control act was that the administrator apparently could not arrive at a formula which was at all satisfactory. Based upon the experience of 3 or 4 years, I am satisfied that the voluntary allocation formula ought to work out very satisfactorily.

Mr. IVES. That is what the bill permits.

Mr. WHERRY. Yes.

There is one more question that I should like to ask the Senator from New York if he will yield further.

Mr. IVES. I yield.

Mr. WHERRY. In the matter of whether this is a national emergency, I should like to ask the distinguished Senator his interpretation of the declaration of policy which is found on page 28 of the bill. Just what does that declaration mean? Why is it necessary to have it in the bill?

Mr. IVES. In the first place, if the distinguished Senator from Nebraska would be willing to grant the courtesy, I should like to ask the Senator if he has any objection to the declaration of policy.

Mr. WHERRY. I am not sure. That is the reason I wanted to find out what the committee had in mind when the declaration was written into the bill.

Mr. IVES. Earlier today the distinguished junior Senator from Virginia [Mr. ROBERTSON] discussed that question to some extent. The idea is to give a background and a basis on which the

act is formulated and by which it will be made operative. I cannot see anything particularly against the declaration of policy. I think the declaration of policy, generally speaking, is representative of rather sound sense and probably basic American doctrine.

Mr. WHERRY. There is nothing of particular significance in lines 7 to 13 except that they recite some history of the situation, and we are now reaffirming what we have already done, legally, I suppose, with regard to our obligations to the United Nations and mutual defense. The declaration is used only as a background.

Mr. IVES. It has merely a historical reference. In this connection, I should like to find out why, earlier, some Senator, which one I do not now recall, ridiculed the declaration of policy as being worthless. I am not a lawyer, as the Senator from Nebraska knows, and I am at a great disadvantage in a matter of this kind, but I have had a little legislative experience over the years. I know from that experience that a declaration of policy goes a long way in determining the legislative intent.

Mr. WHERRY. That is correct. That is the reason I asked the question of the distinguished Senator. I should like to get the legislative history. If it is only basic background——

Mr. IVES. I can assure the Senator that this declaration of policy is perfectly innocent. There is no catch in it.

Mr. WHERRY. I did not mean to infer that there was a catch in it. I simply asked to have the Senator make an observation as to what was intended by the declaration of policy, especially lines 7 to 13, inclusive, and the Senator has told me it is only basic background and history, bringing us up to date—to the Korean situation.

Mr. IVES. It seemed rather necessary to put something like this into the declaration of policy, because it is largely on account of our connection with the United Nations that our present status is as it is.

Mr. WHERRY. But there is nothing new in it. It is merely basic background.

Mr. IVES. That is correct.

Mr. WHERRY. I thank the Senator.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. IVES. I yield.

Mr. MORSE. I may say to my good friend from New York that I did not have an opportunity to hear his entire address this afternoon, but I shall read it with great interest over the week end.

Mr. IVES. It is good for insomnia.

Mr. MORSE. I am sure it will keep me wide awake. I should like to say to the Senator from New York that I shall rely heavily upon his judgment in connection with this bill. I have not had an opportunity to study the details of the bill to which the Senator from New York addressed himself this afternoon. My questions will be directed primarily to the so-called labor disputes section of the bill and certain appeal procedures which I should like to discuss briefly with the Senator from New York.

Mr. IVES. Will the Senator allow me to interrupt him at that point?

Mr. MORSE. Certainly.

Mr. IVES. I went into that rather extensively, not going into the actual terminology of title V, but with reference to what is contemplated in the bill in the matter of labor relations and labor disputes.

Mr. MORSE. I shall not question the Senator from New York on that particular feature of title V, but, with the permission of the Senator and of the Senate, I should like to preface my questions with a very brief observation on the situation as I see it in respect to the need of economic mobilization in America. I do not ask anyone to agree with me, but for the RECORD I want to make a statement of what I think is the serious danger which confronts America and which calls for economic as well as military mobilization.

I think the situation in the world today is so serious that it is the duty of the administration and of the Congress to notify the American people of the great truth which the Senator from New York mentioned this afternoon when he said, in effect, that we are not going to get out of this emergency this year or next year. There is a possibility, as the Senator from New York stated, that we are confronted with a generation of conflict in the great ideological war taking place for men's minds. In that respect, as one Member of this body, I completely agree with the Senator from New York, and I think he has done the American people a service by emphasizing that they must awaken very quickly to the fact that the chips are now down on the table of international relations in this world as far as the danger of war is concerned. The Korean incident, serious as it is as a war, may be but a forerunner and an indication of what is to come. The American people and their representatives in the Congress and their President in the White House should recognize that now is the time for total mobilization of the economy of the Nation as well as the total mobilization of its manpower.

Mr. IVES. Mr. President, I am delighted at that expression by the Senator from Oregon, which is very much in line with what I have previously expressed.

Mr. MORSE. I am seeking to reinforce the views of the Senator from New York.

Mr. IVES. I am very grateful to the Senator.

Mr. MORSE. I think there is only one thing that the Russian leaders will understand now——

Mr. IVES. Force.

Mr. MORSE. At least a thorough mobilization of our forces, both economic and military. The determination of the American people to meet every aggressive action and to do it with total mobilization of our economy and of our manpower must be made clear to Russia. But there arises the question of how we are going to mobilize this economy of ours. I may say to the Senator from New York that I am sick in the pit of my stomach over the greed I have seen manifested in this country since the beginning of the Korean incident. Selfish forces have tried to step into the picture to get theirs while the getting is good, while, at the same time, our boys are dying in Korea to save our free-enterprise system and everything for which political and economic freedom in America stands. I have no tolerance at all for people who think that, while the blood of American boys is being spent, they can selfishly take excessive profits at the expense of the letting of that blood.

Regardless of what the political consequences to the junior Senator from Oregon may be, I say here and now that I stand for total economic mobilization of this country to meet the Russian threat which confronts the world. Therefore, the questions I wish to ask the Senator from New York go to the issue of whether in this bill, as it is presently drafted, sufficient power is lodged in the President of the United States and in the administrative agencies set up under the bill, with policing and checking by Congress, to see to it that we draft the money of America as well as the boys of America. We must direct the economic forces of the country to the winning of this fight for freedom against Russia. Unless such provision is made, I am satisfied we shall not win the fight. We must not be caught off balance. I am satisfied the first time Russia thinks we are in a position where she can unbalance us and lick us, she will try to do it. That is why I say in the questions I am about to ask the Senator from New York——

Mr. IVES. Does the Senator wish me to answer the first question?

Mr. MORSE. Yes.

Mr. IVES. That was really a $64 question. The Senator from New York thinks the bill possesses all essential powers which the Executive should have at this time. In answer to the question of the Senator from Oregon, the Senator from New York would like to point out a fact to which the Senator from Oregon has inferentially referred, and that is that the bill does provide for a watchdog committee. The watchdog committee would be in constant operation. Therefore it can be easily determined if insufficient power is granted, or if the power which has been granted is being abused, which is equally as important.

Mr. MORSE. I do not think that provision of the bill can be stressed too much, because, having gone through World War II as a member of one of the great control bodies, the War Labor Board, it is my opinion that closer congressional checking by a so-called watchdog committee—if we wish to use that term—would have been very helpful. What we must watch out for is to see that the check between the legislative and administrative branches is provided in such a way as to be workable. We must watch out for the type of check that I now wish to mention. We must be on the alert to prevent stalling, delaying, or any dilatory procedure that prevents a finality of decision.

I stress the point because I am somewhat worried—and I have not studied it carefully—by one approach that is being made in this bill which would delay a finality of decision. I say that because

when we are in a great national emergency and are mobilizing the economy of the country for a war effort, we must have men in a position where they can say, "Boys, this is it. There is not anything more. This is final. This is the final result." The appeal procedure must not be such as to encourage dilatory tactics.

My next question goes to whether or not we are leaving the check in the watchdog committee of the legislative branch so that the committee can step in if an abuse develops, or add power if the administration is not going far enough in mobilizing the economy, or whether we provide an elaborate appeal procedure which would make it possible through legalistic techniques to stall final decisions on these matters, with the result that there would be caused within our economy confusion rather than teamwork.

Mr. IVES. The Senator's remarks embrace several questions. However, in answer to the Senator I should like to point out that of course the possibility exists that the bill may not work as easily as the Senator from Oregon and the Senator from New York would like to have it work. However, the Senator from New York feels the provision, with regard to the contemplated court procedure, is a very salutary one, at least in the first instance. The Senator from New York feels very strongly that the people of the United States, particularly the ones who are likely to be affected or helped by the act, would be more cooperative with this kind of approach than a more strict or stringent approach would permit or occasion them to be.

So far as expedition or speed with which the interpretation, implementation, and administrative part of it can be put into execution is concerned, that rests with the President of the United States, where it should rest.

Mr. MORSE. I agree.

Mr. IVES. He is the Chief Executive and chief administrator of the country. If we cannot trust him now, we shall never have any occasion to trust him again.

Mr. MORSE. We must simply rely on the constitutional provision that in time of war or great emergency the President enjoys powers which he has only in such times.

Mr. IVES. That is correct.

Mr. MORSE. The Supreme Court of the United States has yet completely to define or delimit the war powers of the President of the United States. I happen to think that they are of such proportions that it is impossible to lay down any limits upon them, so long as it is found, as a matter of fact, that the exercise of a particular power is necessary for the successful prosecution of a war. If it is necessary, I think it is contemplated within the meaning of the war powers of the President that he can take such action as is necessary as Commander in Chief to prosecute the war, subject to direct legislative controls or prohibitions by the Congress.

Mr. IVES. The Senator from New York yields to the judgment and ideas of the distinguished Senator from Oregon, who is a very distinguished lawyer.

Mr. MORSE. It was that interpretation of war powers upon which we acted during World War II. We were not reversed by any court; but, of course, that does not mean that at some time there may not be a reversal.

I shall close with one more question, because I make my point with it. I am strong for appeals. I am strong for checks. However, I want to point out that it is necessary to centralize appeals in a very few tribunals. If we provide a broad base for appeals, so that a court in Texas, a court in California, a court in Idaho, or a court in Maine can take jurisdiction over the same subject matter in principle, and by means of legal techniques, using an injunction here and an injunction there, prevent the application of a wage-board decision, for example, the tendency would be to bog down the effectiveness of whatever tribunal were set up in Washington to handle wages or other labor issues. If we are to have what would correspond to the old War Labor Board—and I understand under the bill the Board contemplated would have jurisdiction over both wages and prices—such a Board must be in a position where a quick review may be had of its decisions on a national level, and not on a local level.

Mr. IVES. The Senator from New York would like to interrupt the Senator from Oregon at this point, if he may, in order to point out that no specific Board is contemplated in the bill.

Mr. MORSE. It is not specified.

Mr. IVES. No; it is not specified. Permission is given along the line indicated, but is not specifically provided.

Mr. MORSE. The Senator from New York would not be surprised, would he, if under the language of the bill the President, in the exercise of the discretion which is granted under the bill, would set up such a board?

Mr. IVES. The Senator from New York very much favors such a set-up. The bill is sufficiently sound in connection with existing legislation, in that it ties itself in with existing statutes on labor relations.

Mr. MORSE. I close by mentioning an example of the point I wish to stress. Let us use the example of the War Labor Board during World War II, because I am familiar with the War Labor Board. If we had been subjected as a national board to appeals on a local or regional basis to every district court in the United States, the Board would have been unable to function. Although I think there should be checks upon the decisions of these administrative tribunals, I am very much of the opinion that checks by way of appeal review should be limited to certain specified courts, perhaps to one of the Federal courts set aside as an emergency court. Unless we have an emergency tribunal, such as the War Labor Board, whose decisions apply on a uniform basis across the country, it cannot be effective in its operation. We are dealing again with a matter of procedure which I think is vital to the successful operation of any of these tribunals in regard to the substantive issues that come before them.

Because I am not a member of the committee, I shall rely very heavily upon the analysis of the Senator from New York of the questions I am raising in this connection, and I shall talk to him regarding it off the floor over the week end, because I think it is very important we keep in mind the fact that we are moving and must move into a total economic mobilization. Therefore, we must have a procedure for handling the review of decisions necessarily to be issued under total mobilization which will not permit the procedure itself to defeat the purposes of the mobilization.

Mr. IVES. The Senator from New York thanks the Senator from Oregon and assures him that he will be very glad to confer with him at any time regarding the subject matter.

Mr. President, I yield the floor.

Mr. PEPPER. Mr. President, I wish to commend most highly the able Senator from South Carolina and his distinguished committee for the extraordinarily good work they have done in the presentation of the pending measure to the Senate. There are many of us who believe we are already in the skirmish stage of the fiercest contest in our national existence; that we are engaged with a dastardly and sinister foe in a struggle which will not end and cannot end until those who have attacked us have learned the principles of decency and justice, or until they at long last succumb to the righteous retribution of the aroused civilized world and are stripped of the power to torture the world with war.

The only way we can possibly accomplish the herculean task before us is by mobilizing completely and totally the mighty power of this Nation. It is not a question of whether we are going to do something that is good or great; it is a question of whether we are going to be able to do enough to survive, for this is a battle which will determine the kind of a world which will live.

Mr. President, I commend the committee for the contribution it has made and is making toward eventual victory for the forces of decency and democracy in the world.

Mr. MAYBANK. Mr. President, I feel certain the committee deeply appreciates the thoughts of the distinguished Senator from Florida.

As the Senate knows, the distinguished minority leader and the acting majority leader reached an agreement that we would try to bring this session of the Senate to an end at 3 o'clock so that the Sergeant at Arms could have his assistants move out the desks and belongings of Senators.

The Senator from Arkansas [Mr. FULBRIGHT] has a report he desires to file, and I should be only too glad to yield a few minutes to him, but I can yield only for a short time, because we have an agreement to take a recess because of the necessity of moving from this Chamber, since we are to meet in the old Supreme Court room on Monday. I yield to the Senator from Arkansas.

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 11 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On line 6, page 58, strike out the words "and to take such", and on line 7, page 58, strike out the word "action".

On line 10, page 58, change the period at the end of the line to a colon, and insert the following proviso: "*Provided*, That nothing in this title shall be construed as giving the President the power or authority (1) to require that bargaining parties submit to compulsory arbitration, or (2) to conscript any employee into the military service as a

means of ending a labor dispute, or (3) to enter into negotiations with any employer or with any labor organization for a collective bargaining contract or to increase or decrease wages, salaries, or other compensation or to alter the hours and conditions of employment existing in any industry."

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81st CONGRESS
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On line 16, page 28, strike out the words "productive facilities" and insert "production".

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SEC. 104. The President shall administer the authority granted under section 101, when and to the extent that he exercises such authority, through the Secretary of Commerce, except that rationing at the retail level of consumer goods for household and personal use shall be administered through a new independent agency created for such purpose as provided in section 403 of this Act. The Secretary of Commerce

may utilize the services, information, and facilities of other departments and agencies of the Government, but he shall not delegate enforcement or administration of any of the requisition and allocation powers to any other departments or agencies.

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On page 31, line 8, strike out the period, insert a colon and the following: "*Provided, however,* That upon the requisition of any facility for the use of the United States, neither the President nor any agency designated by him to requisition or operate such property shall have authority to enter into negotiations with the employer or with any labor organization for a collective bargaining contract or to increase

or decrease wages, salaries, or other compensation, or to alter the hours, and conditions of employment existing in such industry prior to the requisitioning thereof."

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On page 35, line 13, change the period at the end of the line to a colon, and add the following proviso: "*Provided,* That in the consideration of any loan in the amount of or exceeding $100,000, the lending, participating or guaranteeing agency shall consult with and be advised by the Federal Reserve Board."

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SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize such departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

(b) Any corporation created under this section—

(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, and paid subject to laws specifically applicable to Government corporations, and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to the act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said Act.

(c) Any corporation established or utilized pursuant to this section is authorized to borrow temporarily from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary, pending specific appropriations by the Congress, to carry out its functions under this title: *Provided*, That the total

amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $500,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the obligations of any corporation hereunder.

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Strike all of title IV of the Act, beginning on line 10 on page 38, through line 17 on page 57.

On page 29, line 24, change the period to a colon and insert the following: "*Provided*, That this authority shall not be used to ration at the retail level consumer goods for household or personal use."

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Strike all of subsection (b) of section 402 beginning on line 5 on page 40, through line 8 on page 41.

Amend lines 9, 10, and 11 on page 41 to read as follows:

"(b) Where the objectives of this title cannot be attained by action under subsection (a), the President may issue regulations and orders—".

On line 4 on page 42, insert the word "not" after the word "may" and strike the word "either".

On line 6 on page 42, strike the word "or", and insert in lieu thereof: "but may be taken only".

On lines 7 and 8 on page 42, strike the language: "and in either event may include retail sales for household or personal use" and insert in lieu thereof: "subject to the exceptions provided hereafter in subsection (e) of this section or provided by the President under the authority contained in subsection (f) of this section".

On lines 12 and 13 of page 42 strike the language: "comprising a substantial part of all sales at retail and materially affecting the cost of living" and insert in lieu thereof the word "generally".

On line 14 of page 42, change "(d)" to "(c)".

On line 22 of page 43, change "(e)" to "(d)".

On line 17 of page 45, change "(f)" to "(e)".

On line 8 of page 46, change "(g)" to "(f)".

On line 17 of page 46, insert a period after "(b)" and strike the word "or".

Strike all of line 18 on page 46.

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In no event, however, shall the President select a base period for the stabilization of the component wage, salary, or other compensation of any material, service, or property different from that selected for the ceiling price of that material, service, or property.

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AUGUST 11 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 11 (legislative day, JULY 20), 1950
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AMENDMENT

Intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: On page 46, line 18, insert the following subsections:

(h) The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this Act.

(i) Nothing in this Act shall be construed (1) as authorizing the elimination or any restriction of the use of trade and brand names; (2) as authorizing the President to require the grade labeling of any materials or property; (3) as authorizing the President to standardize any materials, services, or property, unless the President shall determine, with respect to such standardization, that no practicable alternative exists for securing effective price control with respect to such materials, services, or property; or (4) as authorizing any order of the President establishing price ceilings for different kinds, classes, or types of material, service, or property which are described in terms of specifications or standards, unless such specifications or standards were, prior to such order, in general use in the trade or industry affected, or have previously been promulgated and their use lawfully required by another Government agency.

(j) No rule, regulation, order, or price schedule issued under this Act shall require any seller of materials or property at retail or any operator of any service establishment to limit his sales with reference to any highest price line offered for sale by him at any prior time.

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AMENDMENT

Intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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S. 3936

IN THE SENATE OF THE UNITED STATES

August 11 (legislative day, July 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. Bricker to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

Strike all of title V of the Act, beginning on line 18 on page 57, through line 20 on page 58.

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S. 3936

AMENDMENT

Intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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S. 3936

IN THE SENATE OF THE UNITED STATES

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AMENDMENT

Intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On lines 7 and 8 of page 67, strike the words "without limitation" and insert in lieu thereof the words "not limited to".

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81ST CONGRESS
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S. 3936

AMENDMENT

Intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 11 (legislative day, JULY 20), 1950
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S. 3936

IN THE SENATE OF THE UNITED STATES

August 11 (legislative day, July 20), 1950
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AMENDMENTS

Intended to be proposed by Mr. Bricker to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

Strike all of section 708, commencing on line 7 of page 73, through line 3 on page 74, and substitute the following new section in lieu thereof:

"Sec. 708. (a) The President is authorized to consult with representatives of industry, business, financing, agriculture, labor, and other interests, with a view to encouraging the making by such persons with the approval by the

President of voluntary agreements and programs to further the objectives of this Act.

"(b) No act or omission to act requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense shall be construed to be within the provisions of the antitrust laws or the Federal Trade Commission Act of the United States.

"(c) The authority granted in subsection (b) shall only be delegated upon the condition that such official consult with the Attorney General not less than ten days before making any request or finding thereunder. For the purpose of carrying out the objectives of title I of this Act, the authority granted in subsection (b) of this section shall not be delegated except to a single official of the Government.

"(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request."

Strike all of section 712, commencing on line 20 of page 76 through line 2 on page 79.

Renumber sections 713, 714, 715, and 716 as necessary.

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AMENDMENTS

Intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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On page 81, line 16, insert the following as section 715 and renumber sections 715 and 716 accordingly:

"SEC. 715. Except as may be otherwise expressly provided in this Act, no power or authority conferred by this Act shall be deemed to include the power to issue any order with respect to any violation of this Act or any rule, regulation, or order thereunder, suspending or revoking any license,

registration, or other right to engage in any transaction controlled by the provisions of this Act or any rule, regulation, or order thereunder."

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AMENDMENT

Intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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S. 3936

IN THE SENATE OF THE UNITED STATES

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AMENDMENTS

Intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 80, after line 8, insert a new subsection (c) as follows:

"(c) It will also be the duty of the Joint Committee on Defense Production to advise with the President on the interpretation and use of all powers granted under this Act and the President shall consult with the committee in the exercise of such powers as are specifically provided in sec-

tions 101, 201, 301, 302, 303, 304, 305, 402 (b), 402 (c), 402 (g), 403, 502, 503, 703, and 704, except, when in the judgment of the President, the security of the Nation demands complete secrecy. In the exercise of the powers granted in section 603 (2) the Federal Reserve Board shall consult with the Joint Committee on Defense Production."

Reletter subsections (c), (d), and (e) as necessary.

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AMENDMENTS

Intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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AMENDMENT

Intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 82, after line 13, add the following language:

"The Congress may also provide by concurrent resolution that any section of this Act and all authority conferred thereunder shall terminate prior to June 30, 1952."

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S. 3936

AMENDMENT

Intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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AMENDMENT

Intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

Delete lines 7 and 8 of page 68 and insert the following on page 72 after line 18:

"All litigation arising under this Act or the regulations promulgated thereunder, shall be under the supervision and control of the Attorney General."

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S. 3936

AMENDMENT

Intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 11 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TAFT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On pages 57 and 58, strike out title V.

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S. 3936

AMENDMENT

Intended to be proposed by Mr. TAFT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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AMENDMENT

Intended to be proposed by Mr. Taft to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 29, lines 23 and 24, strike out the words "necessary or appropriate to promote the national defense" and insert the words "necessary for the use of the Armed Forces of the United States, the Atomic Energy Commission, or any other Government department directly concerned with the national defense, or in connection with the Mutual Defense Assistance Act of 1949, as amended."

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S. 3936

AMENDMENT

Intended to be proposed by Mr. TAFT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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AMENDMENT

Intended to be proposed by Mr. Taft to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 36, strike out lines 20 to 25 and on page 37, lines 1 to 20 and insert the following:

"(b) There are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of section 303 and pending the making of such appropriations. Any department, agency, official, or corporation utilized pursuant to this section is authorized subject to the approval of the President to borrow from the Treasury of

the United States such sums of money as may be necessary to carry out its functions under this title, provided that the total amount so borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of $100,000,000 at any one time."

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AMENDMENT

Intended to be proposed by Mr. TAFT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 11 (legislative day, JULY 20), 1950
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S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 11 (legislative day, JULY 20), 1950
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AMENDMENT

Intended to be proposed by Mr. TAFT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 39, line 21, at the end of section 401, add the following: "The provisions of this title IV shall not go into effect until the passage of a joint resolution declaring that the use of the powers granted in this title will be impossible to prevent serious inflation of prices."

8-11-50——Z

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S. 3936

AMENDMENT

Intended to be proposed by Mr. TAFT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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AMENDMENT

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 45, line 1, after the word "above", strike out the period and insert the following: "and which shall provide an equitable margin of profit for such processing."

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S. 3936

AMENDMENT

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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AMENDMENTS

Intended to be proposed by Mr. Johnson of Colorado to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 29, line 13, after "Sec. 101." insert "(a)".

On page 29, after line 24, insert the following new subsection:

"(b) Except as provided in section 403, the authority conferred upon the President under this section shall be exercised by the Secretary of Commerce."

8-11-50——V

Calendar No. 2251

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2D SESSION

S. 3936

AMENDMENTS

Intended to be proposed by Mr. JOHNSON of Colorado to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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S. 3936

IN THE SENATE OF THE UNITED STATES

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Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. Robertson to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On line 1, page 45, after words "specified above." insert: "*Provided*, That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing."

8-11-50——W

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S. 3936

AMENDMENT

Intended to be proposed by Mr. ROBERTSON to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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S. 3936

IN THE SENATE OF THE UNITED STATES

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AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 38, after line 9, strike out all of title IV.

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S. 3936

AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 57, after line 17, strike out all of title V.

8-11-50——T

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S. 3936

AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 11 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BYRD (for himself, Mr. FERGUSON, and Mr. WHERRY) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 82, line 9, strike out "June 30, 1952" and insert in lieu thereof "June 30, 1951".

On page 32, line 8, strike out "June 30, 1952" and insert in lieu thereof "June 30, 1951".

On page 37, lines 7 and 8, strike out "June 30, 1952" and insert in lieu thereof "June 30, 1951".

On page 77, lines 17 and 18, strike out "June 30, 1952" and insert in lieu thereof "June 30, 1951".

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S. 3936

AMENDMENT

Intended to be proposed by Mr. BYRD (for himself, Mr. FERGUSON, and Mr. WHERRY) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 11 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

Calendar No. 2271

81ST CONGRESS
2D SESSION

H. R. 9176

IN THE SENATE OF THE UNITED STATES

AUGUST 11 (legislative day, JULY 20), 1950
Read twice and ordered to be placed on the calendar

AN ACT

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, divided into titles, may be cited as the "Defense Production Act of 1950".

TABLE OF CONTENTS

Title I. Priorities and allocations.
Title II. Price and wage stabilization.
Title III. Authority to requisition.
Title IV. Expansion of productive capacity and supply.
Title V. Control of credit and commodity speculation.
Title VI. General provisions.

DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively, the requirements of military programs in support

of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use within the framework, as far as practicable, of the American system of competitive enterprise.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

SEC. 102. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

SEC. 103. It is hereby made unlawful for any person willfully to hoard any necessaries. The term "necessaries"

as used in this section means foods; feeds; wearing apparel; automobile tires; containers primarily designed or intended for containing foods, feeds, or fertilizers; fuel, including fuel oil and natural gas; fertilizer and fertilizer ingredients; tools, utensils, implements, machinery, and equipment required for the actual production of the above-named articles and materials; and any other articles and materials the equitable distribution of which the President shall find, and shall by proclamation declare, to be essential to carry out the purposes of this Act. Necessaries shall be deemed to be hoarded within the meaning of this section when either (a) held, contracted for, or arranged for by any person in a quantity in excess of his reasonable requirements for use or consumption by himself and dependents for a reasonable time; (b) held, contracted for, or arranged for by any manufacturer, wholesaler, retailer, or other dealer in a quantity in excess of the reasonable requirements of his business for use or sale by him for a reasonable time or reasonably required to furnish necessaries produced in surplus quantities seasonably throughout the period of scant or no production, or (c) withheld whether by possession or under any contract or arrangement from the market by any person for the purpose of unreasonably increasing or diminishing the price: *Provided,* That this sec-

tion shall not apply to futures trading transactions on any commodity exchange or board of trade.

TITLE II—PRICE AND WAGE STABILIZATION

SEC. 201. It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: to prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual

savings; and to prevent a future collapse of values. It is the intent of Congress that the authority conferred by this title shall be exercised in accordance with the policies set forth in section 2 of this Act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

SEC. 202. (a) In order to carry out the objectives of this title, the President may encourage and promote voluntary action by business, agriculture, labor and consumers. In proceeding under this subsection the President may exercise the authority to approve voluntary programs and agreements conferred on him under sections 708 and 712, and may utilize the services of persons and agencies as provided in section 710.

(b) Where the objectives of this title cannot be attained

by action under subsection (a), the President may issue regulations and orders at the same time both

(1) establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service; and

(2) establishing a ceiling or ceilings on wages, salaries, and other compensation paid to or received by any person for any type of employment; and regulations prohibiting increases in wages, salaries, and other compensation, except when deemed necessary by the President to prevent gross inequity or to effectuate the purposes of this Act, shall be issued whenever an increase in wages, salaries, or other compensation (A) would require increases in price ceilings established under paragraph (1) of this subsection, or (B) would impose an undue burden on a seller operating under a price ceiling established under paragraph (1) of this subsection.

Action under this subsection may be taken either with respect to individual materials and services, or with respect to materials and services generally.

Wages, salaries, and other compensation shall be sta-

bilized generally whenever ceilings on prices, including retail sales prices, have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living.

(c) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. The President shall also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this Act. From time to time the President shall adjust ceilings, and in determining and adjusting ceilings on prices with respect to materials and services, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or service, including the following: Speculative fluctuations, general increases or decreases in

cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or by persons performing the service, subsequent to June 24, 1950: *Provided,* That no regulation or order shall contain any provision requiring the determination of costs otherwise than in accordance with established accounting methods. In stabilizing and adjusting wages, salaries, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such wages, salaries, or other compensation. Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order.

(d) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except as provided in this subsection.

(2) No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with

the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor Management Relations Act, 1947, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

(3) No ceiling shall be established or maintained for any agricultural commodity below the higher of the following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the highest price received by producers during the period from May 24, 1950, to June 24, 1950, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (iii) if for the year 1950 a producer normally does not market a commodity during the period from May 24, 1950, to June 24, 1950, the highest price received by such producer during the first thirty-day period following May 24, 1950, in which such commodity is normally marketed; and no ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such

agricultural commodity equal to the higher price therefor specified in this subsection: *Provided,* That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing. Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural commodity. Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act. Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing

areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher: *Provided, however,* That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas.

(e) The authority conferred by this title shall not be exercised with respect to the following:

(i) Rentals for real property;

(ii) Rates or fees charged for professional services;

(iii) Prices or rentals (a) for materials furnished for publication by any press association or feature service, (b) books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broad-

casting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities;

(iv) Rates charged by any person in the business of selling or underwriting insurance;

(v) Rates charged by any common carrier or other public utility;

(vi) Margin requirements on any commodity exchange.

(f) The President, in or by any regulation or order, may provide exemptions for any materials or services, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials or services, or transactions therein, or that compensation for such types of employment be stabilized, in order to effectuate the purposes of this title.

SEC. 203. The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, or requirement under this title.

SEC. 204. In carrying out the provisions of this title,

the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

SEC. 205. (a) It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing.

(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

SEC. 206. Nothing in this title shall be construed to require any person to sell any material or service, or to perform personal services.

SEC. 207. (a) At any time within six months after the effective date of any regulation or order under this title, or, in the case of new grounds arising after the effective date of any such regulation or order, within six months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than thirty days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

(b) In the administration of this title the President may

take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of title VII of this Act.

(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: *Provided, however,* That upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations

to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

SEC. 208. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are

material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided,* That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest of such evidence and shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by

the President, any such evidence shall be presented directly to the court.

(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any

regulation, order, price schedule, or wage, salary, or other compensation schedule issued under this title. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title.

(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under this title, and of any provision of any such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any

provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

SEC. 209. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 205 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 205 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than one year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material or service for use or con-

sumption other than in the course of trade or business may, within one year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus $10,000, or (2) an amount not less than $25 nor more than $50 as the court in its discretion may determine: *Provided, however,* That such amount shall be the amount of the overcharge, or overcharges, if the defendant proves that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within thirty days from the date of the occurrence of the violation or is not entitled for

any reason to bring the action, the President may institute such action on behalf of the United States within such one-year period. If such action is instituted by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered. The President may not institute any action under this subsection on behalf of the United States—

(1) if the violation arose because the person selling the material or service acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

(2) if the violation arose out of the sale of any material or service to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

SEC. 210. As used in this title—

(a) The word "person" includes an individual, corporation, partnership, association, or any other organized group

of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided,* That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

(c) The word "facilities" shall not include farms, churches or other places of worship, or private dwelling houses.

(d) The term "national defense" means the operations and activities of the armed forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.

(e) The words "wages, salaries, and other compensation" shall include all forms of remuneration to employees by their employers for personal services, including, but without limitation, vacation and holding payments, night shift and other bonuses, incentive payments, year-end bonuses, employer contributions to or payments of insurance

or welfare benefits, employer contributions to a pension fund or annuity, payments in kind, and premium overtime payments.

TITLE III—AUTHORITY TO REQUISITION

SEC. 301. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) where the President finds that all other means of acquiring or obtaining the use of such property for the defense of the United States upon fair and reasonable terms have been exhausted, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person en-

titled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall promptly be paid 75 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district court of the United States within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation. Whenever the need for the national defense of any property requisitioned under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided*, That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

TITLE IV—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 401. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be related to efforts or undertakings on the part of the United States or an agency thereof

which are designed to meet the necessities of the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations, as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees,

and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 402. To assist in carrying out the objectives of this Act, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises for the expansion of capacity, the development of technological processes, or the production of essential materials including the exploration, development, and mining of strategic and critical metals and minerals. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 403. (a) To assist in carrying out the objectives of this Act, the President may make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

(b) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

SEC. 404. (a) For the purposes of sections 402 and 403, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

(b) Any corporation created under this section—

(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

(2) shall have its powers set out in a charter,

which shall be published in the Federal Register, and all amendments to which shall be similarly published;

(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to Act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said Act.

(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out its functions under this title: *Provided,* That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation.

Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the obligations of any corporation hereunder.

TITLE V—CONTROL OF CREDIT

Subtitle A—Consumer and Real Estate Credit

Sec. 501. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer and real estate construction credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or

exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this subtitle or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider among other factors, (1) the level and trend of consumer and real estate construction credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

(b) No person shall extend or maintain any consumer or real estate construction credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any such credit, or arrange for any of the foregoing, in contravention of any regulation

prescribed by the President pursuant to this section. Any person who extends or maintains any such credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any such credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

(d) To assist in carrying out the purposes of this subtitle, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed; and, after notice and opportunity for

hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(e) Any rules, regulations, or orders for real estate credit shall not restrict loans made by private lenders to any percentage of value or maturity less than the maximum authorized for any loans of like classifications authorized to be made, insured, or guaranteed by the Government or any Government-owned agency or instrumentality, nor shall any rule, regulation, or order otherwise discriminate in favor of Government loans or Government insured or guaranteed loans against private loans.

(f) For the purposes of this subtitle, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define tech-

nical, trade, and accounting terms, insofar as any such definitions are not inconsistent with the provisions of this subtitle:

(1) "Consumer credit" means credit which the obligor undertakes to pay in two or more payments, or any other credit: *Provided,* That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semi-durable goods which are used or usable for personal, family, or household purposes, or any accessory, insurance, or service connected with any such goods or any interest therein.

(2) "Real estate construction credit" means any credit, hereafter extended, which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, new construction on real property or real property on which there is new construction. As used in this paragraph the term "new construction" means any structure, or any major addition or major improvement to a structure, which has not been begun before 12 o'clock

meridian, August 3, 1950. As used in this paragraph the term "real property" includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term "real estate construction credit" shall not include any loan or loans made, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended.

(3) "Credit" means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit

under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(4) "Person", in addition to the definition given it by section 602 (a) of this Act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the criminal penalties of this subtitle shall not be applicable to the United States, any State, or other governmental agency or instrumentality.

SEC. 502. To assist in carrying out the objectives of this Act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national econ-

omy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall preserve the relative credit preferences accorded to veterans under existing law.

TITLE VI—GENERAL PROVISIONS

SEC. 601. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations or orders, or amendments thereto, issued under authority of this Act, and in their formation consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions

shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

SEC. 602. As used in this Act—

(a) The word "person" shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

SEC. 603. The President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Government, including any new agency or agencies, which are hereby authorized to be created by the President when deemed necessary, and may authorize such redelegations by that officer or agency as the President may deem appropriate. The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix the compensation therefor, without regard to the Classification Act of 1949, as amended, at rates

comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government. Attorneys appointed under this section may appear for and represent the agency in any case in any court. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act.

SEC. 604. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of this Act.

SEC. 605. (a) The President shall be entitled, while this Act is in effect and for a period of two years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of

this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority, and it is assured that no adequate and authoritative data are available from any Federal or other responsible agency.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided,* That the immunity granted herein from prosecution and

punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon convic-

tion, be fined not more than $10,000 or imprisoned for not more than one year, or both.

SEC. 606. The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of

such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act.

SEC. 607. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to title I of this Act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 608. (a) No act or omission to act pursuant to this Act which occurs while this Act is in effect, if requested by the President and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when

made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General and the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder and that if any objection is made by the Attorney General or by the Chairman of the Federal Trade Commission within that period, the President or such person as he may designate shall approve or disapprove the request.

(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

(d) The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President within ninety days after the

approval of this Act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

SEC. 609. The functions exercised under this Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

SEC. 610. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U. S. C., sec. 99). Persons appointed under the authority of this subsection may be allowed trans-

portation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

SEC. 611. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

SEC. 612. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the Act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 613. That no person may be employed under this Act who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or

who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided,* That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further,* That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation or fund contained in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than one year, or both: *Provided further,* That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 614. This Act and all authority conferred hereunder shall terminate June 30, 1951, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate.

Passed the House of Representatives August 10, 1950.

Attest: RALPH R. ROBERTS,

Clerk.

Calendar No. 2271

81ST CONGRESS
2D SESSION

H. R. 9176

AN ACT

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 11 (legislative day, JULY 20), 1950
Read twice and ordered to be placed on the calendar

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

"CIVIL AERONAUTICS ACT OF 1938

* * * * *

"Title XII—Security provisions

"Secretary of Commerce and Civil Aeronautics Board

"SEC. 1201. *The purpose of this title is to establish security provisions which will encourage and permit the maximum use of civil aircraft consistent with the national security. Whenever the President determines such action to be required in the interest of national security, he may direct the Secretary of Commerce and the Civil Aeronautics Board to exercise the powers, duties, and responsibilities granted in this title to the extent, in the manner and for such periods of time as the President considers necessary.*

"National security regulations

"SEC. 1202. *The Board shall consider requirements of national security as well as safety of flight in air commerce, in exercising its powers and carrying out its responsibilities under title VI of this act.*

"Security control of air traffic

"Sec. 1203. The Secretary of Commerce is authorized to establish such zones or areas in the air space above the United States, its Territories and possessions (including areas of land or water administered by the United States under international agreement) as he may find necessary in the interests of national security; and may, after consultation with the Department of Defense and the Board, by rule, regulation, or order within such zones or areas, prohibit or restrict flights of aircraft which he cannot effectively identify, locate, and control with available facilities: Provided, That the Secretary of Commerce shall consult with the Department of State before exercising the authority provided in this section with respect to areas of land or water administered by the United States under international agreement.

"Penalties

"Sec. 1204. In addition to the penalties otherwise provided for by this act, any person who knowingly or willfully violates any provision of this title, or any rule, regulation, or order issued thereunder shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be subject to a fine of not exceeding $10,000 or to imprisonment not exceeding one year, or to both such fine and imprisonment.

"Termination of title

"Sec. 1205. The provisions of this title shall expire on such date as may be specified by concurrent resolution of the two Houses of Congress."

The Secretary of Commerce, the Civil Aeronautics Board, and the Department of the Air Force have all endorsed the enactment of this bill.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MUNDT:

S. 4041. A bill to admit Mrs. Lucie Gatzke Martinson to the United States for permanent residence; to the Committee on the Judiciary.

By Mr. McMAHON:

S. 4042. A bill for the relief of Yamaguchi Michiko; and

S. 4043. A bill for the relief of Virginia Tsuneko Kodama; to the Committee on the Judiciary.

By Mr. THOMAS of Oklahoma:

S. 4044. A bill for the relief of Winifred A. Hunter; to the Committee on the Judiciary.

By Mr. McCARRAN:

S. 4045. A bill for the relief of Christina Shalfeieff; to the Committee on the Judiciary.

By Mr. MORSE:

S. 4046. A bill for the relief of Chieko Fujiwara; to the Committee on the Judiciary.

By Mr. GREEN:

S. J. Res. 199. Joint resolution to permit the National Grange to erect a marker on Federal land in the District of Columbia; to the Committee on Interior and Insular Affairs.

DEFENSE PRODUCTION ACT OF 1950—AMENDMENTS

Mr. WILLIAMS (for himself and Mr. SCHOEPPEL) submitted amendments intended to be proposed by them, jointly, to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. DWORSHAK submitted an amendment intended to be proposed by him to Senate bill 3936, supra, which was ordered to lie on the table and to be printed.

WISCONSIN CENTRAL AIRLINES FRANCHISE — STATEMENT BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD a statement prepared by him regarding the failure of the Civil Aeronautics Board to renew the franchise of the Wisconsin Central Airlines, which appears in the Appendix.]

PROPOSED LEGISLATION DEALING WITH SPYING, SUBVERSION, AND SABOTAGE—EDITORIAL FROM THE LOS ANGELES TIMES

[Mr. MUNDT asked and obtained leave to have printed in the RECORD an editorial entitled "Truman Discovers the Mundt-Nixon Bill," published in a recent issue of the Los Angeles Times, which appears in the Appendix.]

PROTECTION OF GOVERNMENT AGAINST COMMUNIST AND SUBVERSIVE GROUPS—EDITORIAL FROM THE CATHOLIC REVIEW

[Mr. MUNDT asked and obtained leave to have printed in the RECORD an editorial entitled "Facing the Future in a Fog of Doubt," published in the Catholic Review of August 11, 1950, which appears in the Appendix.]

STATEMENT MADE AND RESOLUTIONS ADOPTED AT FIFTEENTH AMERICAN-RUSSIAN FESTIVAL, STRATFORD, CONN.

[Mr. BENTON asked and obtained leave to have printed in the RECORD a statement entitled "Our Contributions to America," and resolutions adopted at the Fifteenth American-Russian Festival, at Stratford, Conn., August 13, 1950, which appear in the Appendix.]

NECESSITY FOR PROPAGANDA CAMPAIGNS

[Mr. BENTON asked and obtained leave to have printed in the RECORD an article by Richard J. H. Johnston from Tokyo and one by Robert Trumbull from New Delhi regarding the situation in Asia, which appear in the Appendix.]

PROGRAM FOR AMERICA—EDITORIAL FROM LIFE MAGAZINE

[Mr. FERGUSON asked and obtained leave to have printed in the RECORD an editorial entitled "Program for America," published in the August 14, 1950 issue of Life magazine, which appears in the Appendix.]

REACTIONS IN EUROPE TO EVENTS IN KOREA—REPORT FROM HOWARD K. SMITH

[Mr. LEHMAN asked and obtained leave to have printed in the RECORD a report by Howard K. Smith, war correspondent, on reactions in Europe to recent events in Korea, which appears in the Appendix.]

THE COPPER TARIFF

[Mr. McMAHON asked and obtained leave to have printed in the RECORD an editorial entitled "The Copper Tariff," published in the Washington Star of August 13, 1950, which appears in the Appendix.]

MILITARY CONSIDERATIONS ARE BEHIND LOAN TO SPAIN—ARTICLE BY RANDOLPH LEIGH

[Mr. BREWSTER asked and obtained leave to have printed in the RECORD an article entitled "Military Considerations Are Behind Loan to Spain," written by Randolph Leigh, and published in the Washington Star of August 13, 1950, which appears in the Appendix.]

ADMIRAL DENFELD—EDITORIAL FROM ST. LOUIS GLOBE-DEMOCRAT

[Mr. KEM asked and obtained leave to have printed in the RECORD an editorial entitled "I Told You So," relating to Admiral Denfeld's efforts for national defense, published in the St. Louis Globe-Democrat on August 2, 1950, which appears in the Appendix.]

CACKLING CAN'T WIN WARS—ARTICLE FROM THE DENVER POST

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD an article entitled "Cackling Can't Win Wars," written by Roscoe Fleming and published in the Denver Post, August 11, 1950, which appears in the Appendix.]

APPOINTMENT OF DARRELL ST. CLAIRE TO BE SPECIAL DEPUTY SERGEANT AT ARMS

Mr. LUCAS. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an authorization signed today by Mr. Joseph C. Duke, Sergeant at Arms of the Senate, designating Mr. Darrell St. Claire a special Deputy Sergeant at Arms.

There being no objection, the appointment was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
OFFICE OF THE SERGEANT AT ARMS,
Washington, D. C., August 15, 1950.

In accordance with authority conferred on me by Senate resolution agreed to December 17, 1889 (Senate Journal 47, 51–1, Dec. 17, 1889), I hereby appoint Darrell St. Claire, a special Deputy Sergeant at Arms of the United States Senate for the period from

August 15 to October 1, 1950, to perform in my absence any and all duties required of or devolving upon the Sergeant at Arms of the United States Senate by law or by the rules of order of the Senate.

JOSEPH C. DUKE,
Sergeant at Arms, United States Senate.

MONTANA—ARTICLE BY A. B. GUTHRIE, JR.

Mr. MURRAY. Mr. President, my attention has just been called to a very interesting article entitled "Montana," written by A. B. Guthrie, Jr., appearing in the magazine Holiday for September 1950.

The article dwells on the early pioneer life of Montana. It describes the settlements in those early days and tells some tall tales of the rugged miners and hard-riding, heavy-drinking cattlemen of that period. It brings to life again the early days of Butte, the great mining camp of the West made famous by the wars of the copper kings who created history in their desperate fight for control of the richest mineral zone ever discovered. It also tells of the early history of the cattlemen and the famous Alder Gulch mining camp which was the center of activities of the road agents and the vigilantes. It also describes the grandeur of the great mountains, forests, and scenic beauties of our State, with pictures in color showing Montana's magnificent scenery and recreational inducements which attract visitors from all over the world. I recommend it to my colleagues as an excellent piece of travel literature.

The article may not be entirely accurate in its portrayal of the heavy drinking and free spending that goes on in ranch towns, and perhaps it may not be entirely accurate in its inference that New Deal Senators are routed out of the State and sent on to the United States Senate just because they might be inimical to the best interests of the Anaconda Copper Mining Co. and the Montana Power Co. if allowed to hang around the State. But, what is the difference? No one in Montana is going to complain about a few irrelevancies. A writer of an article like that is entitled to a certain amount of poetic license. It is an entertaining tale and a fine piece of publicity. I think it is worth a great amount of money to Montana in attracting tourists; so I am for it, lock, stock, and barrel.

Montana, of course, will always be famous as a tourist's paradise, and, no one would wish to see it lose its character as the Nation's most scenic and colorful State. Yet the people of Montana cannot thrive on scenery, agriculture, copper mining, and cattle raising alone. We must have a balanced economy. We must develop our great potential water-power resources and attract sufficient industries to our State to provide a balanced economy. We must have some development of our great natural resources if Montana is to play its part as the treasure State.

As a result of the great program of reclamation, hydroelectric power development, and rural electrification which we have been pursuing in recent years, a new period in Montana's history is beginning to dawn. New industries are seeking location in our State to take advantage of the low-cost electric power new being developed at the Hungry Horse Dam. Several important aluminum and chemical industries have already made arrangements to establish industrial plants which will be powered by our newly developed hydroelectric installations. Already the trend of declining population has been reserved and Montana is beginning to grow.

The holiday article is significant because it marks the passing of the old life of our State and the beginning of a new and brilliant future. To be sure, we will always cling to our memories of the pioneer days that have gone; but for all the years to come Montana will continue to be a tourist's paradise. But along with our scenic attractions and delightful recreational facilities, we will have improved business and industrial opportunities, bringing new population, growth, and prosperity to our State.

DEFENSE PRODUCTION ACT OF 1950

The VICE PRESIDENT. The unfinished business before the Senate is consideration of Senate bill 3936, a bill to establish a system of priorities and allocations for materials and facilities, and for other purposes.

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

The VICE PRESIDENT. The bill is open to amendment. As the Chair announced last week, the substitute language reported by the committee will be regarded as the text of the bill for purposes of amendment. No amendment is pending. The question is on agreeing to the amendment of the committee. As many as favor it will say "aye."

Mr. WHERRY. Mr. President, is this the price-control bill?

The VICE PRESIDENT. It is the control bill.

Mr. WHERRY. Very well—wages, prices, allocations, priorities, general provisions, and so forth.

The VICE PRESIDENT. It is Senate bill 3936.

Mr. WHERRY. There are about 30 amendments to be offered. I wonder if the managers in charge of the bill are ready to proceed with the committee amendments? There is no objection on my part to that being done.

The VICE PRESIDENT. The Chair understands that the Senator from South Carolina [Mr. MAYBANK] has some amendments to propose as committee amendments.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. Of course, the amendments the Senator from South Carolina will offer are amendments to the committee amendment.

The VICE PRESIDENT. That is correct.

Mr. WHERRY. And the intention is to complete action on those first.

The VICE PRESIDENT. That is true.

THE OLD SUPREME COURT CHAMBER

The VICE PRESIDENT. While we are waiting for the Senator from South Carolina it occurs to the Chair that he might, with the consent of the Senate, make reference to the fact that the Senate of the United States moved out of this Chamber into the new Senate Chamber in 1859, 91 years ago. The desks that are in the Senate Chamber were put in it then. The fixtures around the rostrum were put in the Chamber at that time, and have been in use since that time.

The Vice President of the United States at that time was John C. Breckinridge, of Kentucky. He was the Vice President when the Senate moved out of this Chamber into the new Chamber. While I, of course, do not claim in any respect to be his equal, at least I am from Kentucky, and was Vice President when we moved back into this Chamber, and hope to continue to be when we shall move back into the new Chamber after it has been reconstructed.

That has nothing to do with the pending bill, but it is an interesting historical fact.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Mr. BRICKER. Mr. President, I should like to make a few observations on the pending bill before we proceed to consider the amendments.

Mr. MAYBANK. Mr. President will the Senator yield to me?

Mr. BRICKER. Yes.

Mr. MAYBANK. I have three short amendments I wish to offer to the committee amendment. I have spoken to various Senators about the three amendments. They are not amendments of the kind the Senator from Ohio has. I wonder if the Senator from Ohio would object if I should call up my amendments at this time.

Mr. BRICKER. I am not going to speak on the amendments.

Mr. MAYBANK. My purpose was to ask unanimous consent that those three amendments be considered first.

Mr. BRICKER. May they not be considered after I have finished? Is there any reason why they should be considered now?

Mr. MAYBANK. Of course, action on them can wait until the Senator has concluded.

Mr. BRICKER. I shall take only a few minutes; not more than 20 minutes.

The VICE PRESIDENT. The Chair had previously announced that the

amendments offered by the chairman of the committee would be regarded as committee amendments.

Mr. BRICKER. As I understand, the amendments in question will be offered by the Senator from South Carolina to the amended bill of the committee.

Mr. MAYBANK. Yes. I have discussed the amendments with some of the members of the committee. I did not have the opportunity to discuss them with the Senator from Ohio last Friday.

Mr. BRICKER. I do not know what they are. My remarks, however, do not go to the amendments, either to my own or to those of the Senator from South Carolina.

Mr. WHERRY. Mr. President, I inquire if the Senator from South Carolina intends to offer at this time the amendment providing for processing of meat?

Mr. MAYBANK. That is the main amendment. I spoke to the Senator from Nebraska about it. Is it agreeable to the Senator from Nebraska that it be offered at this time?

Mr. WHERRY. Yes. So far as I am concerned, I have no objection.

Mr. BRICKER. Mr. President, it seems to me, Mr. President, that as we resume consideration of the bill, which is of vital importance, which is all-encompassing of the economy of the country, providing as it does for control of business and the individual citizen in his daily activities and daily life, we ought to try to get down to the fundamentals and consider the real problems we have before us not only domestically, but world-wide as well.

Russia has a three-pronged method of attack. The first is by a process of infiltration, at which she has been very successful around the world, and even in this country. The second is by the use of armed force of her satellites here, there, and yonder, to gain additional territory and additional influence. In that field she has been very successful. There might be added to that ultimately a direct movement of the Russian arms themselves.

Finally, as we are all very conscious of the fact, the third prong of her offensive is to break the economies of the capitalist nations of the world, and essentially that of the United States.

In the consideration of this bill I think we should never lose sight of the fact that that is one of the important phases of the Russian world-wide movement today, for she has felt that the American economy might break at this time, that there might be a depression, wherein she could further sow the seeds of dissension and perhaps bring about a revolution in this country. That did not happen, and no doubt at the present time those in control of the destinies of that terribly destructive movement are considering what will happen to the economy of the United States. We likewise should give adequate consideration to it, Mr. President.

The committee was very diligent in its consideration of this bill. I feel a sense of deep gratitude for the individual efforts of all the members of the committee, and I wish to pay especial respect to the chairman of the committee, who has been most diligent in this entire program, sitting almost constantly, mornings and afternoons, and at times late into the evenings, in trying to prepare a bill which might be presentable to the Senate and acceptable to the country and constructive in its influence.

Titles I, II, III, VI, and VII of Senate bill 3936 relate to and comprise the economic controls requested by the President in his message of July 19, 1950. The President requested quick action on the powers contained in these titles. The committee promptly held hearings and made many improving amendments to the bill as originally introduced; and committee action on the powers requested by the President was substantially completed by August 2, 1950—now some 2 weeks ago. It is clear that the controls provided by titles I, II, III, VI, and VII are necessary in the judgment of the committee, in waging the Korean war and in being better prepared for some similar or greater emergency in the future. Moreover, those powers are needed very soon, if not already, it seems to me, if they are to be effective. They could have been enacted into law almost immediately, if titles IV and V, the price-control and wage-control amendments, had not been inserted into the original bill. The controversy around those titles of the bill have been extensive in the committee, and no doubt will be extensive on the floor of the Senate.

The President has not requested price, wage, and consumer rationing controls at all. The fact that the committee has provided these controls on a stand-by basis indicates that, in the committee's judgment, they are not needed now. The President asked that price-wage-rationing controls be deferred if action on such controls would prolong consideration or delay action in either House. Certainly the inclusion of such provisions has prolonged consideration of the bill, and will continue to do so. Because consideration of price and wage controls even yet threatens to delay materially the enactment of legislation which is vital to national defense, titles IV and V should be recommitted for further and adequate consideration by the committee.

Price and wage controls as a part of a major, whole program would hamper the President in putting into effect the presently needed powers granted by this bill. That would be because of the pressures brought from every section of the country and every segment of our society for immediate action on price and wage and rationing controls. If prices of commodities were to go up immediately, there would be tremendous pressure upon the President, as no doubt there would be if this entire bill were enacted, to fix the prices of commodities and then to fix wages. All of it is built on a house of cards, our economic structure is very complex, and our economic system is an integrated one. In my judgment, such selective controls are impossible of administration and destructive to our economy as a whole.

There are other reasons why titles IV and V should not be enacted as a part of S. 3936. Hearings on price and wage stabilization policies have not been held. The committee has not had time or evidence sufficient to permit it to evaluate the Nation's experience under World War II price and wage control laws, even from the viewpoint of those who administered it. At a result, many of the mistakes, hardships, and injustices experienced during the last war will be repeated or perpetuated merely for lack of adequate consideration.

Unquestionably, much of the demand for immediate price and wage control legislation was inspired by the testimony of Mr. Bernard M. Baruch. However titles IV and V of S. 3936 are entirely inconsistent with the so-called Baruch plan in many fundamental ways.

Mr. Baruch urged the adoption of price and wage controls "across-the-board." Section 402 (b) of the bill authorizes the President to try selective price and wage controls before resorting to general controls. Mr. Baruch's thesis, confirmed by the experience in two world wars, is that any attempt to control a few prices or wages is futile. The American economy is so interdependent and specialized that a piecemeal approach is bound to create inequities faster than they can possibly be corrected by regulations or rules or edicts from the President. As a result, materials and labor would tend to move from the controlled industry to the uncontrolled segment of the economy, thus causing a result exactly contrary to that sought to be attained. Since the controlled industry will undoubtedly be vital to the national defense, selective controls must inevitably expand. The greatest danger in the idea of selective price and wage controls is that the President will be subjected to tremendous pressure to control particular commodities, the price of which people, rightly or wrongly, feel to be excessive. Having initiated a piecemeal system of controls, the President would be powerless to stop general price and wage controls, even if he should feel they were premature.

Another feature of the price and wage control titles would be the tremendous number of employees necessary, who might very well—and, in my judgment, might better—be used in a constructive production effort toward the consummation of the program or the rebuilding of our military machine and in respect to winning the affair in Korea. Enactment of the price-control and wage-control titles would entail black markets and shortages here, there, and yonder, with the thousands of employees necessary to deal with them and with the unlimited number of court cases which would ultimately be brought, confusing the entire economy and tying up the business processes of the country generally.

Another fundamental point in the Baruch plan is that controls over prices and wages must be tied together and exercised together within a single agency. S. 3936 does not accomplish this purpose. Although prices and wages must be simultaneously controlled, subject to certain broad and vague exceptions, under sections 402 (b) and (c), the bill permits the President to use one

period for the purpose of fixing price ceilings, and an entirely different period for the purpose of stabilizing wages. Under section 402 (d), the President could roll back prices to their June 1949 levels and stabilize wages at the current or some future level. If time had permitted hearings and careful study of title IV, it is unlikely that the committee would have given the President power to destroy the existing price-wage relationships in every American business.

The committee attempted in section 403 to follow Mr. Baruch's suggestion that controls over prices, wages, and rationing at the consumer level be administered through a single independent agency. But that purpose is largely nullified by the language of title V. Section 502 authorizes the President "to take such action as he deems appropriate for the settlement of labor disputes affecting the national defense, including the designation of such persons, boards, or commissions as he may deem appropriate."

The authority to control prices, wages, and distribution of consumer goods at the retail level vests in the President more arbitrary power over the lives of the American people than any other legislation past or present. If it is necessary for the President to have such power, Congress should not evade its responsibility for saying when such powers are necessary. The granting of such power on a stand-by basis requires the inclusion of provisions for a degree of flexibility which greatly increases the threat to individual liberty. For example, the vague language of title V would apparently enable the President to settle a labor dispute by drafting striking workers. The very inclusion of these provisions in the bill in regard to price, wage, and rationing controls is in itself an inducement to the very thing that they are intended to prevent. If there are stand-by controls given, immediately there will be a rush for increased wages and another cycle of increased wages, and there will be an effort on the part of everyone to get his prices up to the highest possible level, so that if they are ultimately fixed, he may hope to get the advantage of that increase. There will be scare buying, as there has been—now unjustified, but then possibly more justified than today.

If there is a strong probability that total war in the near future is inevitable, the Baruch plan for all-out mobilization is sound. However, if the Nation's defense effort for the foreseeable future does not require more than $15,000,000,000, price-wage-rationing controls would not only be unnecessary but would impair our ability to wage total war.

All available evidence seems to point to the conclusion that total economic mobilization is not necessary to handle the cost of the Korean war or any similar emergency. Supplies of agricultural commodities are plentiful. It is absurd to consider rationing at a time when the Government itself is restricting acreage and buying farm products to hold up prices.

There have been some substantial price increases in recent weeks. Most of these increases, however, seem to be due to scare-buying in anticipation of future shortages. It seems most improbable, however, that these shortages will materialize if the President and the Congress adopt anti-inflationary measures. Already the President has cut back the public housing program and the Government's housing loan programs, and that has been constructive, and it will be effective. Extensive powers over consumer credit and private credit for real estate construction are contained in title IV. Congress has taken some steps toward reducing nonessential Federal expenditures and more ought to be taken. Proposals to finance the Korean war on a pay-as-you-go basis are receiving widespread support. If all these anti-inflationary policies are vigorously pursued, the extra $15,000,000,000, $20,000,000,000, or $25,000,000,000 of defense spending will have a negligible impact on prices.

A possible shortage of steel has been mentioned more often than any other. It is entirely possible, however, that priorities and allocations for steel can be worked out on a voluntary basis, and the Secretary of Commerce so testified before the committee. At the present time the military program consumes only about 1½ percent of total output. The President's military program will require only 5 percent of the steel supply, about 5,000,000,000 tons annually. The steel required in the expanded military program as of today can be completely satisfied out of additional capacity already planned by the industry. The automobile industry alone consumed 11,000,000 tons of steel last year. It seems possible, therefore, to satisfy the military demand simply by using tight credit controls to curtail the buying of automobiles, refrigerators, and other durable goods.

Aluminum is another material in which shortgages may occur. Military purchases are expected to increase from 2½ to 12 percent of total supply. This increase, however, is much less than the increased production already planned by the industry.

The greatest protection we have against inflation is the tremendous capacity of American industry to produce and the greatest assurance for victory in war is our capacity for production in America. I do not have very serious concern about the ability of American industry to produce the implements of war. My concern today is in regard to manpower, a problem brought forcibly to our attention by the present situation in Korea. I do not want to see our productive capacity hampered or hurt; I do not want to see it unduly regimented, so that it might not be able to respond in full power and force when a crisis of worldwide magnitude might face America. The American people have always depended on a free-enterprise economy for the industrial strength needed in any possible emergency. So far a free economy has made this Nation better prepared for war than the totalitarian governments which have relied on planned or regimented economies. That is our best assurance of strength tomorrow. It would be a tragedy to stifle American industry, labor, and consumers with a maze of controls over prices, wages, and rationing which cannot be administered fairly or efficiently even with the cooperation which prevails during total war. It is much less possible to enforce them in time of peace. To apply such controls prematurely without careful study, or for the purpose of obtaining some political advantage, is a senseless gamble with the security of the Nation at stake.

Mr. AIKEN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Vermont?

Mr. BRICKER. I yield.

Mr. AIKEN. I have been reading the amendments to be offered by the Senator from Ohio, with particuular reference to his amendment A, which carries a prohibition against conscripting strikers into the armed services, as I understand, along with one or two other prohibitions. Where does the Senator get the interpretation that the words "and to take such action as he deems appropriate for the settlement of labor disputes" give the President authority to draft strikers into the Army?

Mr. BRICKER. The language of the section is unlimited in giving the President power to do anything in regard to labor disputes. There is some qualifying language in the bill in relation to other laws of the country. If that be true, there is no power needed that the President does not now have on the statute books, unless it involves compulsory arbitration, raising of wages, and so forth, something which I know Congress does not want to do.

Mr. AIKEN. Did the President request this authority?

Mr. BRICKER. He did not. It is in the original bill which was submitted, but there was nothing in the President's request which had anything to do with it at all. I think the chairman of the committee will confirm that statement.

Mr. MAYBANK. That is correct.

Mr. BRICKER. I yield the floor, Mr. President.

Mr. ROBERTSON. Mr. President, under the rules of the Senate, the substitute bill which the Senate Committee on Banking and Currency has reported for the original bill, Senate bill 3936, is now open to any germane amendment.

The VICE PRESIDENT. Whether amendments are germane or not, under the rules of the Senate the bill is open to amendment.

Mr. ROBERTSON. Mr. President, I realize that a broad interpretation of the Senate rules might permit amendments which are not germane. I was trying to throw out a little hint of what I hoped would be the character of amendments to be offered. At some time today some suggestion may be made that we try to fix a time to vote. I think, Mr. President, that instead of doing that, we can expedite the proper consideration of this measure if Senators who have had amendments printed which they wish to call up will proceed today to call their amendments up and let the debate occur on those specific points as we go along, and not fix a time that may be Wednesday, Thursday, or Friday, when we are to take up the bill and all amendments and proceed to vote.

That would be an invitation, Mr. President, for Members of this distinguished body to devote their attention to other things until the time comes to vote. Then, when that time comes, it will be found that the membership present has not had an opportunity to be fully informed as to the amendments on which the Senate is to vote, and those who propose amendments do not have an adequate time in which to present them, and thus, of necessity, we shall have to limit the proponents and opponents of amendments to 5 or 10 minutes.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. TAFT. There is this consideration, however, about voting on amendments today or tomorrow. If I offer an amendment and argue it, I shall be lucky if there are 12 Senators present. When a quorum is called, the other Senators do not know anything about the amendment; they have not heard what has been discussed, and they do not know at the moment what they are voting on, and will vote almost completely blindly or without having given the amendment consideration. While I agree with the Senator that it is best not to call up all the amendments and vote on them on one day, I see no objection to presenting amendments. I have presented my amendments and the reasons for them. I should like to have Members have an opportunity to know what goes on in the RECORD. We shall hold a Republican conference tomorrow morning at which we intend to discuss generally different types of amendments.

Mr. ROBERTSON. The distinguished Senator from Ohio has touched on a problem for which there is no present answer, namely, how can we keep the full membership on the floor when an important bill and amendments are being discussed? The only suggestion the Senator from Virginia can offer on that point is that those who discuss the bill be concise in their discussion of it and limit themselves to germane issues, and then possibly more Senators will be willing to take time from other duties, because they might receive some information that may illuminate their understanding.

The Senator from Ohio has mentioned the fact that possibly there will not be more than 12 Members of the Senate on the floor. He is well aware of the fact that when he delivered a very brilliant speech on this subject last Friday there were not 12 Members present to hear him.

Mr. TAFT. That is correct.

Mr. ROBERTSON. And when the the Senator from Virginia followed him, there were still fewer Members present to hear him. When three of us had spoken on Friday, no one else cared to speak, and the Senate recessed at approximately 3 o'clock p. m., although the bill is a matter of vital importance as to which time is of the essence. When debate was opened on Thursday there were only a handful of Senator on the floor. There were only two or three who were ready, able, and willing to speak, and a recess was taken early on that day.

What boots it for us to put off to some future day, this week or next week, the vote on this question, when either Senators are already so well informed about the points involved that they do not want any further information, or else they think there are other duties pressing upon them which are of greater importance? Throughout this session I have observed that when we fixed a day for a vote on an important bill with numerous amendments, nothing of any value was done during the interim. We should like to get away at some reasonable time next month. I am not up for reelection; I do not have to go home to campaign; but there are some things I should like to do. I do not have to discuss them in detail. But I should like to finish up the three important things which are now before us, namely, the conference report on the tax bill, this bill, and the conference report on the social security bill. We should then take a recess to permit our colleagues who want to do a little campaigning to go home for that purpose.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. WHERRY. Mr. President, the Senator has answered his own question. It is because of conferences and the work being done by Senate committees that it is difficult to keep Senators on the floor. Inasmuch as the point was raised with reference to a unanimous-consent agreement, I rose to inform the distinguished Senator from South Carolina [Mr. MAYBANK], who was the acting majority leader on Friday, that I would do my level best to canvass the situation and see when and if we might arrive at a unanimous-consent agreement to vote on the bill some day this week. I should like to say for the RECORD that I feel that inasmuch as a conference has been called for tomorrow on the minority side, if the Senator from South Carolina would withhold asking unanimous consent until after the matter has been discussed in that conference, I could give him a very definite answer. I think I should rather wait until that time.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield to the Senator from South Carolina.

Mr. MAYBANK. Mr. President, the minority leader and I discussed the matter at some length on Friday. I talked with him again this morning, and he told me there would be a Republican conference tomorrow, and he believed that after that we might reach some agreement to vote within a reasonable time. I know the Senator from Nebraska feels, as I do, that the matter is urgent.

Mr. WHERRY. I am in complete accord with the Senator from Virginia, that in the absence of a unanimous-consent agreement the Senate should proceed with the consideration of the bill. I understood the Senator would offer his amendments to the committee bill.

Mr. MAYBANK. That is what I intended to do. I intended to call up amendments as to which I do not think there is any very controversial issue involved.

Mr. ROBERTSON. Mr. President, I wish to conclude by saying that I am very glad to hear the chairman of the committee say that he proposes to bring up some committee amendments which perhaps will not be highly controversial, and that we can act on them. If some other Member has an amendment and no Senator wishes to make a long speech on some other question, we can have a quorum call, and when Senators arrive it can be announced that we are going to consider amendment number so-and-so, and then we can vote on it.

In mentioning the things that I wanted to have completed, I perhaps overlooked the conference report on the appropriation bill. I thought I had mentioned the conference report on the appropriation bill, which is, of course, important. If I did not mention it, I mention it now.

Personally I should like to have time before adjournment to act on some appropriate measure to meet the threat of communism in our own country. To me that is a very serious matter. I merely want to know how best to do it. I have not had a full opportunity to study the Mundt-Ferguson bill. Furthermore, I understand that we have had on our calendar for more than a year a bill to increase the powers of the Central Intelligence Agency. I do not know why we cannot act on that bill. We should consider such measures. We need the cooperation of Members of this distinguished body on the pending bill. Otherwise one of two things will happen. Either we shall not have an opportunity to act on measures on which we should take action before we recess prior to the November election, or we shall take hasty action on measures that should be carefully and properly considered.

Mr. MAYBANK. Mr. President, I send to the desk an amendment which I ask to have stated.

The VICE PRESIDENT. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 45, lines 2 and 3, it is proposed to strike out "fresh fruit or any fresh vegetable" and insert in lieu thereof "agricultural commodity"; on page 45, lines 9 and 10, it is proposed to strike out "fresh fruit or fresh vegetables" and insert in lieu thereof "agricultural commodity."

Mr. MAYBANK. Mr. President, the committee is more or less in agreement on the proposed amendment. Its effect would be to substitute the words "agricultural commodity" for "fresh fruit and any fresh vegetable." We thought it wise to make this substitution so as to cover a disastrous condition caused, for example, by climatic conditions with respect to other commodities than only fresh fruits and vegetables.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. TAFT. I should like to ask the distinguished Senator a question.

Mr. MAYBANK. Certainly.

Mr. TAFT. To what does the section refer? I read:

(3) No ceiling shall be established or maintained for any agricultural commodity below the higher of the two following prices: (i) The parity price for such commodity * * * Whenever a ceiling has been established under this title with respect to any fresh fruit or any fresh vegetable——

Mr. MAYBANK. We propose to strike that out and substitute "agricultural commodity."

Mr. TAFT. My question is, what does it do? I read further from the section:

The President from time to time shall adjust such ceiling in order to make appropriate allowance for substantial reduction in merchantable crop yields——

Mr. MAYBANK. Due to some disaster, for example.

Mr. TAFT. I read further:

unusual increases in costs of production.

Why not "usual"? Why not any increase?

Mr. MAYBANK. Speaking for myself, I may say to the Senator that I would be perfectly willing to eliminate the word "unusual." The intent of the committee was to avoid possible confusion. It was felt that commodities other than fresh fruits and vegetables may meet with disaster next fall. Of course this bill is designed as stand-by legislation. No one can foresee what will happen in the future. Therefore we thought we should make the section apply to all agricultural products instead of merely to fresh fruits and vegetables, such as the orange crop, for example.

Mr. TAFT. Do I understand the amendment proposes a special power or instruction to adjust the ceiling?

Mr. MAYBANK. Yes.

Mr. TAFT. Is there not a general power in the law to adjust the price of any commodity which has been fixed?

Mr. MAYBANK. Yes.

Mr. TAFT. What is the purpose of this particular sentence? It seems to me that it protects not only agricultural products. It speaks of unusual increases in cost of production.

Mr. MAYBANK. The old law did not refer to agricultural products. The provision adopted by the Senate during the last war, if the Senator remembers, was made because of disasters which happened to fruit crops. I do not remember all the fruit crops. We thought it would be well to have the section cover any disaster to any agricultural product, instead of having it apply only to fresh fruits and vegetables. The President has the power to adjust the ceiling with respect to all agricultural products. It would apply, in other words, to corn. If the corn borer were to destroy the corn crop, or if we had a short crop of corn, as we did in 1944 and 1945—I do not remember the exact year—the section would apply to corn as well. We thought the words "agricultural commodity" would be a better term to use than "any fresh fruit or any fresh vegetable."

Mr. TAFT. I am interested in whether the adjustment could be made on any products. This section does not propose an absolute freeze in prices on any industrial commodities?

Mr. MAYBANK. No, sir.

Mr. TAFT. I do not quite understand why the particular provision of adjustment should apply only to agricultural commodities.

Mr. MAYBANK. There was such a provision in the last OPA law. The Senate adopted a similar provision, which advised the Administrator what to do in such cases. It is impossible to foresee what may happen in the future. We hope it will not be necessary to roll back prices, or anything like that; but we thought we would make the section apply to all farm crops by using the term "agricultural commodity." In the event of a disaster, agricultural products, such as wheat, corn, or cotton, for example, would be included in the provision of the bill.

Mr. TAFT. I see no reference to any disaster in the section.

Mr. MAYBANK. I said disaster. I mean any hardship as a result of large crop loss, for example. There has been a tremendous loss in the peach crop this year because of the freeze last spring. It could be corn or wheat next year. We thought we would include all agricultural commodities, particularly because the bill is in the nature of stand-by legislation.

Mr. TAFT. I do not understand the necessity, because at page 43 the bill provides:

In determining and adjusting ceilings on prices with respect to materials, services, and property, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material, service, or profit, including the following: Speculative fluctuations, general increases or deceases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or property.

I do not see why the adjustments could not be made on fresh fruits and vegetables under that section. I have no objection to the amendment except that——

Mr. MAYBANK. I appreciate the Senator's saying that. We wanted to make certain that we did not make the mistake we made last time, when certain crops were impaired, injured, or whatever term one cares to use.

Mr. TAFT. My recollection is, if I remember the facts, such a provision was not written into the last law.

Mr. MAYBANK. That is correct.

Mr. TAFT. We inserted a general clause, and under the general clause Congress felt adjustments could have been made with respect to fresh fruits and vegetables.

Mr. MAYBANK. Yes, but that was not done.

Mr. TAFT. This amendment would force the Administrator to do something which he could do anyway.

Mr. MAYBANK. That is correct. If I remember correctly, former Senator Stewart introduced an amendment with respect to that matter.

Mr. TAFT. Yes; I believe so. This situation again illustrates the complications we encounter in trying to make special arrangements with respect to fruits and vegetables, because most of these provisions probably would apply to industrial commodities anyway. However, I have no objection to the Senator's amendment.

Mr. MAYBANK. I thank the Senator.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. WHERRY. In other words, what the Senator from South Carolina is attempting to do is to extend the adjustment to all agricultural products, inasmuch as by this special provision such authority would be granted only to fresh fruits and vegetables.

Mr. MAYBANK. It would apply to all agricultural products.

Mr. WHERRY. Certainly.

Mr. MAYBANK. We gave special treatment to fruits and vegetables the last time. We want to be fair in the treatment of cotton, corn, peanuts, and other agricultural products and that is the idea of the Farm Bureau and the Grange.

Mr. WHERRY. At page 43, as was pointed out, provision is made to adjust ceilings generally.

Mr. MAYBANK. That was not always done heretofore, however.

Mr. WHERRY. The fact that fresh fruits and vegetables are covered makes it necessary that it apply as well to all agricultural products.

Mr. MAYBANK. All agricultural products; yes.

Mr. WHERRY. Otherwise, it could be considered as an isolated situation. The amendment makes it apply to all agricultural products. I hope the amendment will be adopted.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. MAYBANK].

The amendment was agreed to.

Mr. MAYBANK. Mr. President, I send to the desk an amendment which I ask to have stated. It is known as the Barkley-Bates amendment, which the distinguished Vice President offered when he served as a Senator. I discussed it with him at some length and with the distinguished minority leader who is familiar with the matter.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 46, after line 18, it is proposed to insert the following new subsection:

(h) No ceilings shall be established or maintained on products resulting from the processing of cattle and calves, lambs and sheep, and hogs, the processing of each species being separately considered, which do not allow for a reasonable margin of profit to the processing industry as a group on each such species.

Mr. MAYBANK obtained the floor.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Nebraska.

Mr. WHERRY. I think it was last Thursday, when the bill was first taken up for debate, that the Senator from South Carolina and the junior Senator from Nebraska engaged in a rather extensive colloquy about this amendment.

Mr. MAYBANK. The Senator is correct.

Mr. WHERRY. I am in absolute sympathy with what is being attempted by the so-called Barkley-Bates amendment. I think it is an improvement on the McKellar provision which it amends. But in order to clarify the amendment, because of the difficulties which were experienced even under this amendment, I should like to ask a few questions.

Mr. MAYBANK. I shall be glad to answer.

Mr. WHERRY. Does the Senator from South Carolina define the processing industry as including wholesalers of meat? That is a very reasonable question, because if they are not included, we will run into all kinds of trouble, such as was met by the Small Business Committee in attempting to establish the levels of profit for the processing industry by groups. I believe that in practice we should include wholesalers.

Mr. MAYBANK. I believe wholesalers should be included, the same as processors. In the meat industry the wholesaler is usually a processor.

Mr. WHERRY. If he is included, that is all I am asking. If he is included as a part of the processing industry, the Senator has answered my question.

Mr. AIKEN. Mr. President, will the Senator from South Carolina yield?

Mr. MAYBANK. I yield to the Senator from Vermont.

Mr. AIKEN. Would that apply to the processors of products who do their own wholesaling? How would it apply to a wholesaler who depended on purchases from the processor? Why is this confined to the packing industry only? What about the processors of fruits and vegetables?

Mr. MAYBANK. I shall look at the report.

Mr. WHERRY. I have read the report, and I am quite satisfied that the report is silent on the question asked by the Senator from Vermont. The attempt of the amendment, of course, is to insure a proper level of profit in the processing industry, and I suppose that if a formula were written on page 77 assuring those who handle meat at the different levels that they would get their quotas from prior years, then there would not be any difficulty, and the bill would come more nearly accomplishing the purpose sought, namely, to eliminate black-market operators. If any segments is squeezed out of normal distribution immediately that segment seeks to get a new source of supply, and the purpose of the act might be defeated. In other words, the meat must be distributed through the ordinary channels.

Mr. MAYBANK. Mr. President, we did not have any hearing on this amendment, as the Senator knows, but we went back to the price-control laws and regulations in force in 1946. We did not discuss the matter in the committee, but it was the belief of the legislative counsel, and certainly of the chairman of the committee, that we should follow the definitions found in the price-control law of 1946. I cannot speak for the committee on this matter, because it has not come before the committee, but it would be my judgment, in view of the fact that the committee desired to keep out the black-market operators, that the wholesalers should be included.

Mr. WHERRY. Mr. President, I should like to offer an amendment. I did not have time to consult the chairman of the committee about it.

Mr. MAYBANK. The Senator is much more familiar with the packing industry than I am. Does he recall how this provision was interpreted before?

Mr. WHERRY. In view of our previous experience, I am going to offer an amendment to the amendment, because if I can help clarify the language and make it better, I am sure the Senator from South Carolina would agree. Before I answer his question, I desire to offer an amendment on line 5 of the amendment, after the words "profit to," to add three words, "each segment of," so that the amendment would read, "for a reasonable margin of profit to each segment of the processing industry as a group," and so forth. I am sure that would result in what the Senator from South Carolina desires to accomplish, and prevent any segment of this industry from being crowded out.

Mr. MAYBANK. That is correct. I shall be glad to take the amendment to conference, as chairman of the committee, but I should like to discuss it with the committee.

Mr. WHERRY. I do not believe there was much discussion of it.

Mr. MAYBANK. As chairman of the committee, I would not hesitate to accept the Senator's amendment to the amendment.

Mr. CAPEHART. Mr. President, at the proper time I shall offer an amendment to the amendment just offered which would be, at the end of the amendment to insert this language:

> But no ceiling shall be established on any commodity or material which does not allow for a reasonable margin of profit to the retailer, wholesaler, or manufacturer.

That takes in everything.

Mr. WHERRY. Mr. President, I am not at this time interested in discussing the amendment of the Senator from Indiana, who has a perfect right to offer the amendment after the pending amendment has been perfected.

Mr. CAPEHART. I beg the Senator's pardon; my amendment would be an amendment to the amendment.

Mr. WHERRY. It would be an amendment to the amendment as amended.

Mr. CAPEHART. It would have to be voted upon before the Senator's amendment was voted on.

The PRESIDING OFFICER (Mr. STENNIS in the chair). Under the parliamentary situation, the amendment of the Senator from Nebraska would first be acted on.

Mr. WHERRY. I believe there will be no objection to it. All my amendment does is to clarify what heretofore we had so much trouble about in the meat industry. Who is a processor? Who is entitled to a profit? I am satisfied that if the wholesaler is protected as a processor that is enough. The distinguished chairman has said that so far as he is concerned he interprets the language to include the wholesaler, but he is not speaking for the entire committee.

What is much more important, in my opinion, is that the words "each segment of" must be included, and I will give the reasons why. An integrated meat packer might lose money on one branch of his operations, but he could make money on all of his operations taken as a whole; that is, the profit would exceed the loss. In such a case there is no basis upon which to compare a profit for those who deal in only one segment of the entire industry. I am satisfied the distinguished Senator from South Carolina knows what I am seeking.

All the amendment does is to clarify the definition of the processing industry by providing that each segment of the processing industry, whether integrated or nonintegrated, is to be protected as a group.

Mr. CAPEHART. Mr. President, I am in favor of the amendment the able Senator from Nebraska is discussing, but I call attention to the fact that the same situation he pictures exists in every line of effort in the United States. The same situation exists with every retailer, every wholesaler, every manufacturer that faces the meat processors or manufacturers. Therefore, I think the amendment should be as fair to one as to the other. I am in favor of what the Senator wants to do, but I want to cover every segment of industry because the same principle applies to all. The retailer of any article might well be losing money on one item and making money on another. A manufacturer might well have a hundred items and be selling 50 at a loss and making a profit on only 50.

Mr. MAYBANK. Mr. President——

The PRESIDING OFFICER. The Senator from Nebraska has the floor.

Mr. WHERRY. As I stated a moment ago I am not objecting to the amendment of the Senator from Indiana. That is offered to the amendment, as modified, which modification runs only to the meat industry itself. I am not discussing at this time the merits of that amendment at all. Certainly the Senator can present arguments which are extremely favorable to his amendment, because if we are going to take action with respect to the meat industry certainly similar action ought to be extended to all levels of distribution.

Coming back to the modification I propose, it is a very simple modification. If adopted, it will result in eliminating much dispute such as took place during the years 1945 and 1946. If the price to the retailer compared to the price to the wholesaler or the slaughterer does not allow for a level within which the independent producer can work and in which the integrated plant can operate, we will have trouble similar to the troubles we had in the years 1945 and 1946. If my amendment is added it will provide a clear definition of what the committee means by its amendment.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MAYBANK. In view of the confusion resulting from the hearings held

by the Small Business Committee and the Banking and Currency Committee in the years 1943, 1944, and 1945, it became necessary for then Senator BARKLEY and Representative Bates to present a clarifying amendment. I, as an individual Senator—not speaking for the committee—thought it would be good to have a similar amendment adopted now. The Senator from Indiana said it should apply to everything. No such provision was made during the last emergency. I hope we shall not again have a similar emergency. But I cannot accept the proposal of the Senator from Indiana.

Mr. WHERRY. The amendment proposed to be offered by the Senator from Indiana is an amendment to the committee amendment, as proposed to be modified by the amendment of the Senator from Nebraska. The amendment offered by the Senator from Nebraska as a modification to the committee amendment, can be acted upon, and then the amendment of the Senator from Indiana can be considered.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. CAPEHART. I wish to answer the able Senator from South Carolina. Whether we did or did not in World War II enact such an amendment into law, it is only right and just that we write language into the bill providing that any ceiling price which may be fixed must show a reasonable profit to the person dealing in the product, whether he be a retailer, a wholesaler, a manufacturer, or a processor. I do not understand how anyone can object to that philosophy. It seems to me to be perfectly sound. It seems to me to be the very thing that anyone studying ceiling prices would try to bring about.

Mr. MAYBANK. Of course, the Senator has the right to present the amendment he has suggested when it is in order to do so. It was my hope, however, that the Senator could offer his amendment to some other section of the bill.

Mr. CAPEHART. Can the Senator tell me where I can offer my amendment to some other portion of the bill than that we are now considering? This seems to me to be the logical place to offer my amendment.

Mr. MAYBANK. After the section has been amended, as now proposed, the Senator can offer his amendment.

Mr. CAPEHART. I shall state my reason for offering the amendment. If a situation exists in the meat business necessitating insertion of the meat amendment, a similar situation certainly exists in every other business, for example, in the canning business, or in any sort of manufacturing or retailing or wholesaling.

Mr. MAYBANK. Last year the Senator from Nebraska [Mr. WHERRY] was a member of the Small Business Committee and I was a member of the Committee on Banking and Currency. We have discussed such matters before. I understand from the Senator from Nebraska that the meat business occupies a special position. It is my hope that the amendment can be limited to the meat industry.

Mr. CAPEHART. I want it understood, Mr. President, that I am 100 percent in favor of the amendment to take care of the meat-processing industry, but I am likewise just as much interested in taking care of the canning industry, the retailing of any other line of merchandise, or the wholesaling or manufacturing of any other line of merchandise as I am in favor of taking care of the meat industry. How can anyone successfully contend that if a ceiling is placed on a price, a reasonable profit should not be afforded to the person dealing in the product?

Mr. MAYBANK. What is reasonable in connection with the canning of beef may not be reasonable in connection with the canning of peaches or pears.

Mr. CAPEHART. My proposal is just as workable with respect to canning of fruits and vegetables as it is with respect to processing of meats. We are talking now about a principle. We are proposing to direct the President that, when fixing ceiling prices, he shall fix them so they will provide a reasonable profit to anyone dealing in any specific merchandise on which the President fixes the ceiling, whether it be automobiles, pork chops, shoes, lead pensils, or any other commodity. How can anyone object to that?

Mr. MAYBANK. Mr. President, at the end of the paragraph is the following language——

The PRESIDING OFFICER. The Senator from Nebraska has the floor. To whom does the Senator yield?

Mr. WHERRY. Inasmuch as the distinguished Senator from Indiana asked the Senator from South Carolina a question, I continue to yield to him to answer. Then I shall yield to the Senator from Virginia [Mr. ROBERTSON].

Mr. MAYBANK. I read from page 43, lines 16 through 21, as follows:

> Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order.

That is as far as the committee went.

Mr. WHERRY. I now yield to the Senator from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Am I correct in understanding the amendment offered by the distinguished Senator from Nebraska as meaning that the language providing for a reasonable profit for processors of meat shall be extended to wholesalers and retailers?

Mr. WHERRY. It would not be extended to retailers at all. All in the world the Senator from Nebraska is doing is trying to clarify the language in line 5, so the level of profit with respect to processing will be extended to each segment of the meat industry, regardless of what particular stage of processing it may be.

Mr. ROBERTSON. The distinguished Senator from Nebraska realizes that the amendment as offered is similar to that which was finally put into the OPA legislation during the last war?

Mr. WHERRY. I am very familiar with that.

Mr. ROBERTSON. Such an amendment was adopted during the last war. However, the representative of the drafting service tells me that he does not know what the language offered by the Senator from Nebraska would mean; whether it would include a wholesaler or retailer or what segment of the business. When we speak of each segment, we must realize that there are segments all the way from the farm level up, or down, as one may be pleased to call it, to the ultimate consumer.

Mr. WHERRY. If that is what the interpretation is, it is satisfactory to me. I think that is exactly what the interpretation ought to be. I think there ought to be a legitimate amount of profit from the retail level down to the producer. I wish to have the producer included. But I am not arguing about the producer now. In 1945 and 1946 it was very difficult to operate under the law, and it was then that different segments of the industry asked that their percentage of profit be maintained under the law. So at this time I am asking that we define the processing industry to include each segment thereof.

If we do not do so the integrated processor will come in on a showing of what business he does, from killing cattle, sheep and hogs, and processing some of the meat into, let us say, liverwurst, and byproducts such as fertilizer, hides and leather, ask that a profit be accorded to him on the basis of his integrated operation. We cannot compare the profit which goes to the large operator in the industry to that which goes to the little independent processor or slaughterer, who operates in an entirely different category, who might kill only sheep, for example, or who might kill only hogs, for example. There are thousands of small independent slaughterers who slaughter only hogs. I want the profit to extend by groups to the little independent as well as to the integrated business. The amendment clarifies the situation.

Mr. ROBERTSON. I agree with what the Senator now says he is trying to do, but, in my opinion, as the language we are proposing was construed in the last war, it applies strictly to the processing business. The Senator's amendment could very easily be construed to mean that a wholesaler who is a segment in distributing processed meat, and a retailer who is a segment in distributing processed meat, are likewise included. If that is the meaning of the Senator's amendment, it goes beyond what we did during the war, and we meet the objection of the distinguished Senator from Indiana [Mr. CAPEHART] who very properly says, "If you are going to give the wholesaler and the retailer of meat a reasonable profit, why do you not give it to everyone else?" In that event it will be necessary to rewrite the bill.

Mr. WHERRY. Mr. President, the fact is that no hearings at all were held on the amendment.

My second point is that the Special Committee on Small Business—and, Mr. President, believe me, the distinguished Senator from Alabama will have plenty of discrimination brought to his atten-

tion if we operate under this law as we did the last time——

Mr. ROBERTSON. But will not the Senator——

Mr. WHERRY. Mr. President, I ask the Senator to wait a minute, please; I have the floor. I shall be glad to yield when I conclude this observation.

My point is that it is a question of who is a processor. The distinguished Senator from Virginia said the provision would be interpreted to include retail dealers in meat. However, there is no evidence in the hearings or in respect to the former regulations that that interpretation ever was applied to the Barkley-Bates amendment.

The particular clarification to be made by the amendment which I have proposed would not be made in favor of or in behalf of the retailers at all. There may be some retailers who are processors. If there are, then they would be classified as a segment of the processing industry, as they rightly should be in such case.

This amendment is offered because I do not want prices established on meat and have a ceiling placed upon the producer, and crowd out the other segments of the meat industry. Neither does the Senator from Virginia want that to happen. That is all the amendment does.

The amendment would "allow a reasonable margin of profit—and those words are old ones, so far as this measure or similar measures are concerned—"to each segment of the processing industry."

What is meant by that? Does it mean five or six integrated processors or does it mean the entire processing industry?

I am asking that this portion of the bill be clarified by stating that the profit be based on a comparable percentage as between each segment of the processing industry within that group.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. ROBERTSON. The language of the law during the last war was interpreted not to include the retailers or the wholesalers.

If the Senator from Nebraska will point out where that interpretation was wrong during the last war, we shall be glad to consider it.

Mr. WHERRY. Is the Senator from Virginia sure that in the last war it was not interpreted to include the wholesalers?

Mr. ROBERTSON. If it was not, I have not heard of it. If it is that way now, it is not different from what the Senator says it should be.

Mr. WHERRY. Mr. President, so far as my understanding is concerned, wholesalers were included as processors of meat. I think there can be no dispute about that.

The only difficulty was over the question of whether the small, independent processors or the nonslaughterers, who got their meat from an integrated meat supply, should have their status defined on the basis that they would have to show a profit on one line of processing or slaughtering, as compared with the profit an integrated meat processor might show on his complete line. To do so is impossible, because at times there is a good spread in the prices of pork, and at times there is a good spread in the prices of lamb, and at time there is a spread in the case of cattle prices; but at times there is no spread at all. Thus, it is unfair to make an independent processor show what his profits are on one segment of the processing of meat, when we permit the integrated slaughterer to figure all his profits against all his losses and thus show a profit in connection with the determination of what the price level should be. If we permit such a proposal to go into effect, we shall have smaller operators in the industry going out of business, as we had before. That is the difficulty I am attempting to iron out.

I do not recall that the question as to wholesalers ever came up. Certainly the retailers would not be included, unless they are also processors; and if they are processors, they should be given that consideration, regardless of whether they are independent packers or integrated packers, because, for example, an integrated packer handles meat from the time it is bought on the hoof until the time when it is sold to the consumer—all the way through. We want the same privilege extended, insofar as the consideration of costs are concerned, to either the independent slaughterers or the independent processors of meat. We want that privilege extended to all branches of the processing industry, and not be completely washed out in regard to one segment of the processing industry because of a retail price which might be set as a producer's price under a maximum ceiling.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. WHERRY. I am glad to yield.

Mr. ROBERTSON. I am in thorough accord and sympathy with the objective the Senator from Nebraska has stated, and I remember very well the trouble independent meat processors had under an OPA meat section dominated by a vice president of the Armour Packing Co., a man who had no regard whatever for the independents.

Mr. WHERRY. Yes.

Mr. ROBERTSON. The result was that restrictions were placed on the independents, and at one time the restriction which was imposed caused a drop of 2 or 3 cents in the price of meat cattle of a certain weight, which the authorities would not permit to move through the independents.

However, Mr. President, I hope the Senator from Nebraska will permit the committee to confer with the legislative drafting service in respect to carrying out the purpose the Senator from Nebraska has stated, and to make sure that we do not go further than that.

Mr. WHERRY. Mr. President, I have taken up this matter with the legislative drafting service, and I know exactly what the amendment will do. I understood that the distinguished Senator from Virginia was anxious to have the Senate vote on these amendments. I am perfectly willing to have a vote taken on the amendment.

If we are not ready to vote on the amendments now, I shall be glad simply to discuss the amendment, and then let the vote on it be taken tomorrow or at whatever other time it is agreed, by unanimous consent, that the vote be taken, if a unanimous-consent agreement for that purpose is necessary.

However, I know the meaning of the words which would be inserted by my amendment, and I know there is need for this definition. I also know that no hearings were held on the amendment, except for the hearings we had as a result of having the independent processors, one after another, come to the Special Committee on Small Business and attempt to get relief, without having a clear-cut definition of who are meant to be included as processors in the industry.

If the Senate accepts these three words, as an amendment, all processors, whether integrated or whether not integrated, will be able to figure their profits as a group on all the processing they do, and will not have to compete with processors who are integrated and who use all their operations in determining whether they have made a profit or a loss, in order to know what level of profit may be regarded as reasonable for that particular segment of the industry.

Mr. ROBERTSON. Mr. President, will the Senator yield further?

Mr. WHERRY. I yield.

Mr. ROBERTSON. Is it not reasonable to assume that in a few minutes we can reach agreement on this matter? I have consulted the representative of the legislative drafting service who attended all the hearings on the bill and worked with us in regard to preparation of the bill. He tells me that he does not know how far this proposed language will go. He is the expert who has been advising the committee and has been studying these matters all the way through. So I think he should have an opportunity to study this amendment.

Mr. MAYBANK. Mr. President, will the Senator yield? I wish to propound a unanimous-consent request.

Mr. WHERRY. I am always glad to yield to the Senator from South Carolina.

Mr. MAYBANK. Mr. President, as the Senator from Virginia has suggested, throughout the long hearings, which have been held both during the mornings and the afternoons, and often in the evenings, we on the committee have been conferring with the legislative counsel and with other experts. Therefore, I ask unanimous consent that the committee be authorized to meet at 5 o'clock this afternoon to consider the amendment, and to withdraw it until then.

The PRESIDING OFFICER. Is there objection?

Mr. WHERRY. Mr. President, I am not going to withdraw it. The amendment is here, and I am going to proceed to discuss it.

However, I have no objection to giving the Legislative Drafting Service and the experts all the time that is desired. There are other Senators who wish to speak on the amendment, and I shall be glad to yield the floor.

Mr. MAYBANK. Then, Mr. President, I ask unanimous consent that the Banking and Currency Committee may be

permitted to sit this afternoon at 5 o'clock.

Mr. WHERRY. There is no objection at all to that request.

The PRESIDING OFFICER. Is there objection? Without objection, consent is granted.

Mr. WILLIAMS. Mr. President, will the Senator yield to me before he yields the floor?

Mr. MAYBANK. Mr. President, will the Senator yield——

The PRESIDING OFFICER. Does the Senator from Nebraska yield; and if so, to whom?

Mr. WHERRY. I have other questions to ask, but I am glad to yield. I do not think it is at all necessary to give unanimous consent to defer this amendment, which merely proposes the addition of three words.

If the Senate wishes to do what is provided in the Barkley-Bates amendment, that will be agreeable to me; but certainly there should be a clarifying definition, namely, that the processing industry includes every segment of that industry. That is all there is to the amendment.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MAYBANK. It is proposed that the amendment be further amended by the Senator from Indiana [Mr. CAPEHART] so as to include all commodities.

Mr. WHERRY. The Senator from Indiana has offered an amendment to it, but his amendment is not before the Senate for consideration at this time, and it cannot be taken up until my amendment has been acted on one way or the other.

The PRESIDING OFFICER. The pending question is on agreeing to the amendment of the Senator from Nebraska to the amendment of the Senator from South Carolina [Mr. MAYBANK].

Mr. WHERRY. Certainly.

Mr. WILLIAMS. Mr. President——

Mr. WHERRY. I yield to the Senator from Delaware.

Mr. WILLIAMS. Mr. President, if I correctly understand the purpose of the amendment of the Senator from Nebraska, in conjunction with the amendment of the Senator from South Carolina, it is to protect against a situation where the price might be frozen as of a certain date, and that date might be one on which the price did not reflect a reasonable margin of profit to the processors.

Mr. WHERRY. No; that is not at all the purpose of this amendment. But I agree there is considerable merit in the observation made by the distinguished Senator from Delaware. The fact that the prices may be determined as of a certain date—for example, a day back in June—is something that ought to be given consideration, especially so far as the producer is concerned. But, if the Senator will let me state it again, all that this amendment does is to provide a definition, in order to further clarify the Barkley-Bates amendment, so that the processing industry will include every segment of the industry, regardless of the time as to which prices are fixed.

Mr. WILLIAMS. Mr. President, if the Senator will yield further, the reason I raise the point is that there might be a possibility also that the date selected would reflect to the processors a greater than average margin of profit.

Mr. WHERRY. I agree with the Senator that the processing industry as a whole might find that situation confronting it. All this amendment does is to provide that the processing industry shall include all elements of the industry; that is all. It does not have anything to do with freezing as of a certain date or unfreezing as of a certain date. But it certainly is going to be important as to what the price ceilings may be with regard to the producer, whether they go back to June or some date of that kind, or whether the prices of today are taken; and it is going to affect the whole processing industry to some extent, if a satisfactory date is not found. That is another question entirely apart from the one covered by my proposal.

Mr. WILLIAMS. Mr. President, if the Senator will yield further, does he not think that this bill should be safeguarded against the possibility that a date might be fixed on which the producer was not getting all that was coming to him? That is possible, by the same token that it is possible that he would be getting more.

Mr. WHERRY. I agree with the Senator. Last Thursday, on the Senate floor, I raised the point that this amendment, if adopted, and the possibility that the President might use the discretionary power to set ceilings and wages in regard to meat, was one of the things that were disturbing those who were about to buy land and feeder cattle. This is the time they put them into the feed lots. No one knows that better than the Senator from Kansas. We wanted to get an assurance from the distinguished chairman of the committee as to whether there were any hearings held which developed any evidence that there might be the imposition of a ceiling on meat, prior to next January. The very fact that there is any doubt in the minds of the administration officials that they are going to impose these controls, I tell the distinguished chairman, the Senator from South Carolina, will have a tremendous effect on the number of cattle that will go into the feed lots, the number of sheep that will go into the feed lots, and the number of hogs that will go into the feed lots, until the answer is given that has been requested by the Senator from Delaware. But that is an entirely different situation from the one at hand.

All in the world that the junior Senator from Nebraska is asking by this amendment is to have a definition that the processing industry shall include every segment of the industry; that is all.

It is a very simple amendment, and I think every Member of the Senate should be on his feet immediately in support of it, because it insures a fair margin of profit to those nonintegrated processors who do not have the opportunity of pooling profits on a number of operations; thus making up losses which might occur on one item of production. All we want is, if the Barkley-Bates amendment is adopted, that it be made to include the entire processing industry—and that means every element of it.

Mr. ROBERTSON. Mr. President, will the Senator yield, so that we may understand what the amendment does?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Virginia?

Mr. WHERRY. I am glad to yield.

Mr. ROBERTSON. Does the Senator from Nebraska want to include wholesalers and retailers, either or both?

Mr. WHERRY. I want to include any section of the meat industry that processes. If a wholesaler does not do processing of meat, he is not entitled to be considered as one of the segments.

Mr. ROBERTSON. The Senator's amendment includes him.

Mr. WHERRY. Oh, no.

Mr. ROBERTSON. It includes him, because he is a segment, getting the processed article to the consumer.

Mr. TAFT. He is not engaged in the work of the processor.

Mr. WHERRY. No, he does not do the work of the processor. Anyone who would so interpret the amendment certainly would have to stretch his imagination. All the retailer does is to buy his meat from a distributor or from someone who slaughters it, and put it on the counter, and if there are controls on sales, he charges the retail price, and he gets a profit on it. He does not slaughter the animal. He is not a processor in the sense that he integrates his activities from the live hoof clear down to the glue and the fertilizer.

Mr. TAFT and Mr. ROBERTSON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield; and if so, to whom?

Mr. WHERRY. I yield to the Senator from Ohio.

Mr. TAFT. It seems to me the word "processing" is a word which has always meant doing something to something. Never, under any circumstances has it meant buying and selling. "Process" means "manufacture," in some form or other. A retailer who cuts up meat may be a processor, but a wholesaler, I would say, would not be, ordinarily, because he would merely pass the meat on. But that is a question of fact. I do not see that there is any dispute about what it means.

Mr. ROBERTSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Virginia?

Mr. WHERRY. I am glad to yield to the distinguished Senator from Virginia.

Mr. ROBERTSON. Does the Senator not think the language is so broad as to include those who carve the meat up, and that we have no way of knowing whether retailers and wholesalers are covered in their entirety or not? If the language were so framed that we knew it to be limited to what we conceived to be

the processing, and took care of the independent dealers, in whom I am very much interested, I would support it.

Mr. WHERRY. Mr. President, the amendment is as clear as crystal. If a wholesaler or a retailer processes meat, then his levels of profit must be maintained. Anyone certainly can understand that language. If he does not, of course he is not in the processing industry, and that is all there is to it. The amendment is proposed for the purpose of clarification. I am not proposing to broaden the language. All these segments come into the meat-distribution picture anyway. We are not proposing to set up something new. We are not proposing to set up new segments within the industry at all. We are simply defining what is already found in the Barkley-Bates amendment. What is it? It is that a reasonable margin of profit shall be allowed on the various species to the processing industry as a group. That is what the Barkley-Bates amendment does, without the amendment offered by the junior Senator from Nebraska.

What the Senator from Nebraska is attempting to do is, not to permit an OPA man or some other official, in administering the law, through some interpretation to crowd out any segments of the industry by setting price ceilings between the retailer and the producer, which would crowd him out. That is all I am attempting to do. I think they should be protected. So the amendment, I am satisfied, is clear, and I should like to have the committee accept it, if possible. If the committee will not accept it, I should like to have a vote on it.

Mr. TAFT. Mr. President, this discussion illustrates the fact that we do not know what we are doing.

Mr. WHERRY. That is correct.

Mr. TAFT. We do not know what provisions we have made in this bill. This entire provision regarding price control is premature. If those engaged in this particular industry are entitled to a profit, why is not everyone else in the United States entitled to a profit? What is the basis of picking out the meat industry in particular and giving them a special rule of cost plus a reasonable profit? There is no such rule in the bill itself, nor was there in the original price-control act. I may say, going back to the history of that act, that the Price Administrator fought this provision. He fought every provision to guarantee a man cost plus a reasonable profit, or to guarantee to any industry cost plus a reasonable profit. In fact, I remember arguments were made that for years certain products of the steel industry had always been sold at a loss; and to pick out those articles and say that they must have cost plus a reasonable profit meant an increase in price which should never take place and which they did not want to be forced to make. There was something in that contention. It is rather interesting to note that this particular bill says—and this is all it says by way of a general rule as to how prices are to be fixed:

> In determining and adjusting ceilings on prices * * * he shall give due consideration to such relevant factors as he may determine to be of general applicability—

Including various things, such as increases or decreases in cost of production, increases or decreases of profits. It also says:

> Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable.

Those words came from the original Price Control Act.

Mr. WHERRY. That is correct.

Mr. TAFT. But the Price Control Act of 1942 was stronger in this particular than is the pending bill, which was weakened when it was brought here, because the people affected did not want to be bound even as much as they were bound by the act of 1942. That act says that the Administrator shall ascertain and give due consideration to the operation prevailing between October 1 and October 15, 1941, for the commodity or commodities. It is not based on the industry; but for the commodity or commodities included under such regulation or order, and that he shall make adjustments for such relevant factors as he may determine and deem to be of general applicability. But in this bill there is nothing about making adjustments. It simply provides that he shall give due consideration to relevant facts.

Under the last act we had difficulty in determining what the rule should be. This was the provision of the last Price Control Act, the final provision which was adopted, and it was the subject upon which the President vetoed the Price Control Extension Act of 1946. The second Price Control Extension Act, which the President approved, provided a basis of cost to each industry in 1940, plus the increase in cost. If the industry did not make a profit in 1940, it did not get it under the Extension Act.

It provided that general price levels should be established for all commodities to bring about maximum production, and that no maximum price would be established or maintained for any product of a producing, manufacturing, or processing industry which did not return on the average to the industry not less than the average dollar price of such product during the base period, plus the average increases in costs of producing, manufacturing, or processing the same accruing since the base period. It was provided that the maximum price for a product should be taken in compliance with its standard if such price on the average was equal to the average current total cost of the product plus the industry's average over-all profit.

So, Mr. President, we did finally write into the old Price Control Act a provision which was not similar to this; it was not a guaranty of profit, but was a guaranty that if the cost increased, the industry as a whole would have its price increased to take care of the increase in costs.

In other words, Mr. President, this is a highly controversial subject. We ought to write in a provision for the packing industry. I do not object to this provision for the packing industry, except that the bill provides that the rule does not apply to other industries. It implies that by adopting it in the original act every other industry is subject to the completely arbitrary discretion of the administrator. If we are going to deal with this subject—it was hitched on as an amendment to deal with a particular situation, before—we should deal with it correctly. We should decide what the administrator is to do as to prices. Is he to take the existing situation and add to that the increase in costs as costs increase, or is he to cut down profits? Is he to try to fix a price that will guarantee costs plus a reasonable profit to the industry as a whole?

I do not think anyone would want to undertake to guarantee profits for each individual manufacturer. If we deal with this subject, we should deal with it comprehensively. We should see that every man in the United States has a similar right, not only for his benefit, but in order to avoid what happened in the last war, where one product after another disappeared entirely from the market. Meat disappeared from the market, and other products disappeared from the market. They disappeared because the price administrator set the prices so low that they did not pay anyone to go into that particular business, or they were forced into the black market.

That question should be considered if we want to avoid the problems which arose under the last Price Control Act. We should decide what the principle is going to be. In the last war, if the administrator thought someone was making too much money, he proceeded to cut down the price in some way so as to reduce that particular man's profit. I do not think that is the proper way to approach the question. I do not know whether the general provision which we adopted in 1946 is the proper way to approach it, but we should lay down now a rule as to what prices should be and the principle upon which the administrator shall fix prices more definitely than is provided for in the bill which is before us.

That affords, to my mind, another reason for postponing consideration of title IV until we can think the thing through, have hearings, and come back with a bill which will actually try to correct the difficulties which we experienced in the last war.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. WHERRY. Mr. President, inasmuch as I offered the amendment and the distinguished Senator from Ohio has been speaking to that amendment, I want to say that I am in complete agreement that if we are going to give a guaranty to the meat industry, there is no reason why other industries should not have it. I am not complaining about that. I think the amendment which is to be offered by the distinguished Senator from Indiana [Mr. CAPEHART] should be given serious consideration. I feel that inasmuch if the meat amendment alone is adopted, just as in the case of fresh fruit in the amendment which has been adopted, there might be some inter-

pretation which would exclude everything else. I think that makes it important that the Senator from Indiana should have his amendment considered.

I am not speaking to the amendment of the Senator from Indiana at all; I am simply talking about meat. We had price control and rationing to keep prices low to the consumer. We wanted to assure a supply to the consumer. What good is the legal price if the consumer cannot get meat? That was the experience in the last war. I have seen lines a hundred yards long, lines of housewives trying to get meat. When the first few persons were served, there was no more meat. Of course the legal price was there, but what good is that if there is not adequate production? Why was lack of production brought about? Because, when the administrator established the levels, he did not give the processing industry the amount of money necessary to produce a reasonable profit. Then what happened? The man went to other sources of supply. He said, "I cannot get it through my normal channels of trade." So he paid more money for it, and that started the black market.

In 1946, in the Union Stockyards in Omaha, where approximately 15,000 cattle a day are slaughtered, there were less than 400 cattle in the feed lot, because the black market was siphoning-off the source of supply.

A price-control bill has been dumped into the Senate giving the President all the power he wants. But that is not the proper way to legislate. No adequate hearings were held on the bill. If segments of the industry were called in to testify as to this one little amendment, I am quite satisfied they would corroborate the statements I have made. I am simply trying to make a better bill out of what has been brought to the Senate. If we do not deal properly with all elements of the processing industry, some of them will be forced out of business, or they will resort to the black market. When that occurs, we have started the first dislocation, which will go on down to the consumer level, and the housewives, who otherwise would receive meat through normal channels of trade, will not get the meat to which they are entitled. So, I say, what good is a legal price if the product is not available to hand out over the counter?

Mr. KEM. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. KEM. I should like to ask the Senator if what he has said is not based on actual observation? It is not theory, but it is based on actual practice which the Senator has observed. Is that correct?

Mr. WHERRY. I will say to the distinguished Senator that it is based on actual practice. I do not claim all the experience and knowledge in connection with these questions, but I come from a section of the country which produces meat. It raises corn, and we feed lambs, hogs, poultry, and cattle. It is a great State in which to operate. If Senators from the South would like to come there, we can show them good land, good corn, and good cattle. The Senator from Missouri knows something of the process.

I should like to say to the distinguished chairman of the Committee on Banking and Currency that we had better establish these levels so that those who feed cattle can produce the necessary meat. If we do not, they will not produce the cattle. That is all there is to that. It is very simple.

We are starting now in this new control price bill to do what? To create almost untold power to allocate and set price ceilings on meat and other products. In administration of the former Emergency Price Control Act, processors stated they were completely crowded out of the market. That is the first step in black-market operations.

I am quite satisfied that the distinguished Senator from Virginia agrees with me at least in principle. This will provide the first step. The Senator from Ohio is correct when he states that if we are to set up a formula we should start with the producer. We must go back to the producer. What are we to pay him? What kind of profit are we to give him? Many people think that what the producer gets for his steer is all profit. People forget that the cattle must be bought in the open market. Today cattle are selling for $27 a hundred pounds. The feeder who buys the cattle must pay for the corn and the other feed he puts into the cattle. He ought to be taken care of as well as the processors of the meat.

I say to Senators that this is the beginning, and unless all the levels are taken care of with a reasonable profit we will have black-market operations all over again. Not only that, but we shall have black market operations in corn itself. That is where corn will go. In that case we would limit production. Instead of getting more production we would limit production. We would get a loss instead of an increase. The meat would not go through normal channels. We must start with the producer in the meat industry, the meat must be distributed in normal channels, and a reasonable profit must be assured to everyone. The so-called Barkley-Bates amendment and the clarifying wording offered by the junior Senator from Nebraska is a step in the right direction. I hope the Senate will accept the amendment.

Mr. SCHOEPPEL. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. SCHOEPPEL. I should like to ask the distinguished Senator from Nebraska, if, in view of his experience on the Small Business Committee, he will not agree with me that the last dislocation which happened due to black market operations occurred because legitimate operators were not protected on some kind of live-and-let-live equitable profit basis.

Mr. WHERRY. Certainly. That is the reason we are asking that this amendment be adopted. Legitimate operators could not live on the prices allowed, so they were forced out of the regular channels of supply.

When they went out to get a new source of supply, in order that they could have a fair and reasonable profit, black markets sprang up all over the country. The Senator from Kansas well knows the results of the investigation made by the Small Business Committee. We heard about the discrimination from the witnesses who came by the hundreds to testify before the committee. They convinced me and the members of the committee, and their testimony should convince the Members of the Senate, that unless we provide for the various segments of the industry, dislocations will be caused again. If that happens, the black market operations will start all over again.

Mr. ROBERTSON. Will the Senator yield?

Mr. WHERRY. I am glad to yield to the Senator from Virginia.

Mr. ROBERTSON. I would be willing to be in favor of the Senator's amendment if we could agree on what it means. When the Senator uses the word "processor," and adds to it "each segment thereof" does he mean processors in the ordinary and accepted meaning of the term, or is he attempting to include a wholesaler who does nothing but get a carcass and deliver it to the retail butcher, or someone who performs nothing more than a brokerage service, let us say? Does the Senator include the local butcher who cuts up the meat into pounds, wraps it up, and sells it to a customer? When the Senator speaks of a processor, does he mean a processor?

Mr. WHERRY. A processor means anyone who processes meat. Some retailers make liverwurst, and some retailers smoke hams. I suppose they would be considered processors of meat. Most retailers simply sell the meat over the counter.

My amendment is very clear. It speaks of the segments of the processing industry. Anyone who processes meat is entitled to his fair margin of profit in the group in which he competes by species, instead of taking the over-all profit of an integrated processing concern, which can put the price down on pork, for example, and use the entire profit of the business to show that it is making a profit, in order to drive completely out of business the small independent producer who deals only in one specie.

Mr. ROBERTSON. Is it not true that the black market operations in meat which became to noticeable after the end of the war, particularly in August 1945, resulted primarily from the fact that the consumer did not have enough red stamps to get the meat and was prepared to pay higher prices for it in the black market?

Mr. WHERRY. Of course some people did not get enough ration stamps. However, that was not the reason. Time after time there was no meat on the counters, because it had gone into the black market. This amendment would clarify the situation.

Mr. ROBERTSON. I hope it will. I should like to make a further observation. The Senator from Ohio has stated that this is a good illustration of the fact that we do not know what we are doing. The Senator from Nebraska said—and it is true—that we have had no hearings on the amendment. I heard no one testify on it. It was not discussed in the committee. I never saw

the amendment until last Friday. It is my understanding that the distinguished Vice President when he was a Senator had it incorporated into the old law during World War II. I understand that he gave it to the chairman of the committee and said that it was in the previous law, and he said to him, "Will you offer it?" He came to me and he said, "It was in the law before."

I said, "My whole idea is to try to get a bill as near to what we had before, because that law has been interpreted and explained. I will accept the amendment." The only thing I heard since then was by way of a letter I received from a big packing industry, asking me to support the Maybank amendment. I wrote them I would support it.

If we had had this proposal before the committee, when we had before us a representative of the former OPA, we would have asked him, "What does this mean? How was it interpreted? Was it satisfactory?" Then we could have come before the Senate with some worthwhile information. We did not receive that information, and this is not a good illustration of the fact that we have brought out a bill about which none of us know anything.

Mr. WHERRY. Mr. President, I raised on the floor of the Senate last Thursday the very point the Senator from Virginia is discussing. If he will turn to page 77 of the bill he will find that it is provided in subsection 2:

> In order to carry out the purposes declared in section 2 of this act, the President is authorized to consult with representatives of industry, business, banking, insurance, and agriculture with a view to encouraging the making, by persons engaged in industry, business, financing, and agriculture, of voluntary agreements approved by the President—
>
> * * * * *
>
> (2) providing for priority, allocation and inventory control of scarce materials necessary for the national defense;

I cannot find one bit of evidence adduced from industry by the Banking and Currency Committee under which some kind of formula might be set forth to guide the administrator of the proposals set forth in sec. 712. I think it is absolutely necessary that sec. 712, subsection 2, be amended so that allocations and priorities can be made to provide for distribution through the normal channels of trade. In order to assure the least amount of black marketing possible, the source of supply should continue to be distributed to normal purchasers, to the extent, percentagewise, which they have purchased during a typical base period.

Unless that is done, there will be distortion, there will be dislocations, there will be a man in the fuel business who will have to run to some new source of supply, there will be a man in the newsprint business who will have to get a new source of supply, there will be a man in the steel business who will have to get a new source of supply. Yet no formula is set up, as a result of the experience of the Congress or the experience of the American people during the Second World War, which would enable Congress to get the information and the background so that it could provide a rule.

Therefore, Mr. President, I say to the distinguished Senator from Virginia and to the Members of the Senate that more thought should be given to a price control measure if it is to be effective. It certainly is a congressional responsibility to help write any formulas, if the President is to put them into effect, formulas which will protect the segments of the economy of the United States, in order that we may get more production clear down the line rather than circumvent it. Unless we do, we will defeat the very purpose for which the legislation is being presented to the Senate today.

Mr. TAFT. Mr. President, answering the distinguished Senator from Virginia, what I said was that the offhand presentation of the amendment shows that the committee has given no consideration to the basic question of the formula on which all prices will be fixed, because here we are asked to give to the packing industry a formula, under which the processing industry shall have a reasonable margin of profit, in each one of the activities, as to cattle, as to lambs, as to hogs. There is nothing in the bill to the effect that any other industry is to get any reasonable margin of profit on anything. There is no such general formula incorporated in the bill.

Certainly if we are to give consideration to the question of a formula for the packing industry, the committee should have considered the question of a formula for all industry. There are three or four different formulas. There was a long debate, during the consideration of the last OPA extension bill, as to what the formulas should be. I have read some of those which were actually incorporated in the 1946 bill. A formula was provided for taking a man's costs into consideration, simply saying that if the cost increased $10 over what he paid in 1940 he could then get $10 more in his profit. In other words, he could still get the profit he received in 1940. Perhaps that is not the right formula. It certainly seems to me that if we are going into this question at all, the committee should review the whole subject and consider what the formula should be, whether we are to say that every industry is entitled to a profit in its over-all activities, or, following the theory of the OPA in the last war, consider whether producers are entitled to a profit on each product. The OPA objected to that, for instance, in the steel industry, in which many articles had always been made and sold at a loss. The OPA thought the manufacturers should not be given a profit on such a product.

In my remarks to the Senator from Virginia I was not making any criticism of the committee, but a criticism of considering this matter at all unless we give complete consideration to it. The presentation of an amendment providing for a formula in the packing industry shows that we have not given any consideration to what the formula should be in the over-all fixing of profits.

While the Senator from Virginia said he wanted to see the bill made as much like the last act as possible, the fact is that the basic formula, as I read it earlier, is not so strong as in the original act. The bill does not provide that the President must make allowance for increases in cost, as the former price-control act did. We could at least go back to that original formula.

The PRESIDING OFFICER (Mr. HILL in the chair). The question is on agreeing to the amendment of the Senator from Nebraska [Mr. WHERRY] to the amendment of the Senator from South Carolina [Mr. MAYBANK].

Mr. LUCAS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LUCAS. Mr. President, it is my understanding that the senior Senator from Delaware [Mr. WILLIAMS] desires to discuss the amendment 20 minutes, and I ask unanimous consent that the order for a quorum call be rescinded, and that further proceedings under the call be abandoned.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Delaware is recognized.

THE THREAT OF UNCONTROLLED INFLATION

Mr. WILLIAMS. Mr. President, last Friday the senior Senator from Ohio [Mr. TAFT] made a very clear analysis of the bill from the standpoint of the authorities. This afternoon, as briefly as possible, I wish to discuss the bill not from the standpoint of the authorities, because I am not a lawyer, but rather as one who worked on the price-control legislation in the last war.

I believe that never in the history of our country have we faced a greater crisis than that with which we are confronted this afternoon. I make that statement not because of the outbreak of hostilities in Korea, or because of the reverses we have suffered in that area, because notwithstanding those reverses I have the utmost confidence in our military forces to handle the Korean situation or any other situation which may arise. I think the real crisis with which we are confronted today is not the threat of the communistic armies but rather the threat of uncontrolled inflation within our own borders.

On many occasions in the past our country has been confronted with inflationary threats, and each time we have been successful in coping with the situation. However, what makes the existing threat more serious is that at this time we are approaching this crisis with a $257,000,000,000 debt hanging over us and an annual peacetime budget in excess of $40,000,000,000.

There are many who will argue that the existing inflationary threat is the result of the increased expenditures which will now be required under our military program due to the Korean outbreak. It is true that because of recent international developments our military

programs will require the appropriation of many additional billions. But while these additional military expenditures will necessitate a drastic change in our economy, it cannot be said that these new expenditures are the sole reason for the existing inflationary threat. They are only the excuse.

No one has been able to determine just which straw broke the camel's back, nor has any economist been able to determine which expenditure it is that will push a country from financial stability into uncontrolled inflation, or at just what point it will come.

Our country was already operating on a record peacetime annual budget in excess of $40,000,000,000, and during the past few days the administration has asked for additional appropriations approximating $14,000,000,000 for our armed services. As one Member of the Senate, I expect to support the request of our military leaders for whatever amount they think necessary adequately to protect this country. I do not feel that I am in a position at this time to question their needs. However, I want it understood that, while I am supporting these full military appropriations without question, it does not mean that I will not be examining very carefully the manner in which these funds are spent.

As a result of the inflationary threat which the administration is attributing to these increased military expenditures, it is now being proposed that Congress place this country under a strait-jacket of controls such as were not even experienced during World War II. While I agree with the administration that the present situation is of such a serious nature that we have no choice other than to authorize the necessary controls, I do not agree with the administration that inflation is inevitable or that this crisis is entirely as a result of the outbreak in Korea.

This inflationary threat might have been avoided and even now could be substantially diminished if the administration would only place its own house in order. For 18 years our Government has been dedicated to the philosophy of tax, spend, and elect. During this 18-year period, first under the New Deal and then under the so-called Fair Deal, there has been no effort whatever made by the administration officials to live within our income. Their whole philosophy for this period has been one of complying with the request of every pressure group for the sole purpose of perpetuating themselves into power. Through deficit financing and dollar devaluation, the cost of these socialistic programs has been concealed from the American people by borrowing the money and charging it against the future generations.

As a result of this reckless spending policy followed by the administration for the past 18 years, we have witnessed in this country a gradual undermining of the value of the American dollar. Long before the Korean outbreak many leading economists in this country were becoming seriously alarmed at this condition and were issuing repeated warnings both to the Congress and to the President that unless this deficit spending program was abandoned there was a grave danger of inflation in this country. These warnings have been falling on deaf ears.

Last year Congress increased the appropriations of the executive branch of our Government by $5,000,000,000 more than was spent during the preceding year. A major part of this increase was to take care of the increased subsidy programs promised during the 1948 political campaign. As if that were not bad enough there was another 5-percent increase in this year's appropriation. The extra money has been appropriated largely for the purpose of buying the 1950 election. These increased appropriations cannot be attributed to the military expenditures since practically all of the increase authorized both in 1949 and 1950 was to cover the cost of new or enlarged domestic programs.

The senior Senator from Virginia [Mr. BYRD], one of the ablest authorities on Government finance in this country, supported by a very small minority in the United States Senate, has been fighting a losing battle to reduce these expenditures and achieve a balanced budget. The repeated warnings of the Senator from Virginia and many others that this country was inevitably headed toward national insolvency unless this reckless spending policy was reversed have gone unheeded.

I feel that since these unnecessary expenditures have not been curtailed and in view of the serious threat of inflation with which we are now confronted, we have no alternative other than to consider the almost complete regimentation of the American economy. I say that as one who always has been and always will be opposed to unnecessary Government controls.

However, in reaching this conclusion, I am not willing to attribute the cause for these controls to the outbreak in Korea. It is my firm opinion that with or without the outbreak in Korea this country, as a result of the stupid blunders and the reckless spending policy of the present administration has been for the past several years headed toward an inevitable catastrophe.

The outbreak in Korea only brought this situation to a dramatic climax. Had this not occurred the Administration might have been able to continue its deficit spending program 1, 5, or even 10 more years, but sooner or later some incident was bound to arise which would bring directly home to the American people the fact that our Government was approaching insolvency.

We must not overlook the fact that the devaluation of the American dollar will affect most seriously those who can least afford it. The older people of this country whose income is dependent upon Government bonds, bank accounts, insurance policies, and pensions, are the ones who are most vitally affected. As the purchasing value of the dollar depreciates it is this group of people, whose earning capacity is gone, who are the real sufferers. For the past 18 years this "planned inflation" policy of the administration has been sending our old people to the poor house.

However grave this situation is—and I most certainly do not underestimate its seriousness—I am one who feels that there is a solution to our problem. Regardless of the fact that for 18 years this administration has been deliberately undermining the value of the American dollar, I believe that this trend can be checked and reversed if we as political leaders in this country would only display a small percentage of the courage which is now being displayed by the American boys in Korea.

We in our official capacity in order to cope with this situation are now compelled to endorse a legislative program calling upon the American people to give up many of the luxuries and freedoms to which they have been accustomed.

But before asking the people to make the sacrifices, the Government should place its own house in order. This should be done by taking the following steps immediately:

First. We should, in very plain language tell the American people that the domestic programs from which they are now benefiting are either going to be stopped entirely or drastically curtailed. All subsidies to the American farmers, the American laborers, the American businessmen should be stopped immediately. It is perfectly ridiculous for our Government to spend billions annually for the sole purpose of pushing the prices of certain commodities higher and then at the same time ask Congress to pass a law for the purpose of holding these same prices down.

Second. An immediate overhauling of the machinery of our Government is essential with the thought of eliminating duplications and reducing Government personnel to the fullest extent practical. The outline of a program to achieve this greater efficiency in Government is available through the recommendations of the Hoover Commission. These recommendations up to this time have been ignored insofar as economy is concerned. As of this date the only parts of the Hoover Commission's proposals which have been accepted by the administration in its reorganization plans have been those proposals which tended to give the executive departments additional power and increased salaries. I do not know of a single executive department of this Government that is not costing more money to operate today than it cost before its reorganization.

Third. In view of both the fact that our budget is unbalanced and the fact that there is the threat of a shortage of strategic materials in this country, the Government should immediately postpone work on all Government projects upon which work has not been begun and which are not found to be essential to our national defense program. Those Government projects which are now under construction and upon which work could be stopped without resulting in an unnecessary loss to the Government

should likewise be suspended immediately.

There are hundreds of such projects, and as just one example of the type of project upon which I think work should be suspended I shall cite a project in my own State and in my own county, namely, the Indian River project. Work upon this project along with hundreds of other similar projects located in the other 47 States should be postponed for the duration of this emergency. While desirable from many angles, their completion at this time will not contribute one iota toward the defense of this country. By a vote of 49 to 34 last week, Congress refused to take this essential step.

Fourth—and by far not the least in importance—the Government instead of continuously condemning the American people as hoarders should put an immediate stop to its own policy of accumulating and hoarding huge quantities of food products. These products are not needed for our military establishments but are being purchased for the sole purpose of creating an artificial shortage and forcing prices higher.

Instead of accumulating additional inventories at this time the Government should reverse its policy and begin unloading upon the markets their huge inventories now approaching $4,000,000,000. This would serve a dual purpose. It would check the present inflationary trend in food prices and at the same time would achieve a savings of hundreds of millions to the taxpayers. But instead of using these holdings as a key to check the inflationary threat, the Government is actually doing the opposite.

Only last week my attention was called to four specific examples of governmental waste which have been going on even since the outbreak in Korea. On July 30, 1950, the Department of Agriculture was holding in the warehouses the equivalent of 300,000,000 dozen eggs at a cost of 32 cents per dozen; they had 165,000,000 pounds of butter which cost 60 cents per pound; they had 63,000,000 pounds of cheese which cost 31 cents per pound—all of which were being withheld from the market for the purpose of maintaining higher prices for these commodities.

During the past 4 weeks these already burdensome inventories have been further increased. Additional quantities of eggs have been accumulated at a rate of 12,000,000 dozen per week; butter has been accumulated at the rate of over 1,500,000 pounds per day; additional quantities of cheese have been accumulated at the rate of 15,000,000 pounds per month—all of which have been packed away in caves and warehouses along with the other huge inventories of the same products.

Public Law No. 434 specifically authorizes the Secretary of Agriculture to turn over any of these surplus food commodities which are in good condition to the Armed Forces as might be required by them. This provision was incorporated in the law with the thought that since the Armed Forces would need some of these commodities, it would save the taxpayers a substantial amount if they would draw from the surplus holdings. This provision of the law should especially have been complied with during the recent weeks when we have had criticism of the rise in food prices and the expression of concern on the part of the President. However, this provision of the law has been completely ignored, and we find that during the past 4 weeks, during which time the Secretary of Agriculture was accumulating additional inventories, the Armed Forces were filling their requirements by purchasing in the open markets as follows: 4,910,350 dozen eggs at 40 cents per dozen, total cost, $1,950,504; 4,131,022 pounds butter, total cost, $2,508,267; 954,664 pounds cheese, total cost, $331,727.

However, I thing the most stupid transaction which has come to my attention is the situation where during the past 30 days the Department of Agriculture has been buying U. S. No. 1 potatoes from the farmers in North Carolina at an average cost of $1.68 per hundredweight, and then immediately—without even moving those potatoes from the farms, in many instances—reselling them to the same farmers for 1 cent a bag, to be dumped either as fertilizer or in the hog lots. At the same time the Armed Forces, to meet their requirements, needed 23½ million pounds of potatoes. Instead of having the Department of Agriculture turn over to the Armed Forces some of those U. S. No. 1 potatoes which were being dumped in the hog lots, we find that the Armed Forces were purchasing their potatoes in the open market at a cost of $2.95 per hundredweight.

I shall not take time to enumerate further the absurd and contradictory policies of this administration, but the few items to which I have just called attention represent an unnecessary expenditure, during the past 4 weeks, by the United States Armed Forces of approximately $6,000,000—every dime of which could have been saved to the taxpayers had the administration complied with the clear intent of the law.

If that is a fair sample of what has been going on during the past 12 months, it is little wonder that we find the American troops in Korea without tanks and the other necessary equipment.

If the administration would take these corrective steps, and thereby would place its own house in order, it would remove much of the pressure of the existing inflationary threat, and at the same time would reduce the effect of whatever controls or higher taxes which might be necessary to maintain our economy on an even keel.

However, in view of the financial condition of our Government, and being confronted as we are with the inevitable necessity of appropriating many additional billions of dollars to rebuild our armed strength, I feel that additional controls and higher taxes, as unpleasant as they are, will be necessary to insure a proper allocation of existing supplies and to guard against any wartime profiteering.

In imposing these controls, we must not make the same mistakes which were made in the last war, at which time the Government attempted to control prices without placing similar controls upon wages. As we mobilize the economy of this country under the existing emergency, we must make sure that all of the 150,000,000 Americans are treated on a basis of equality. There must be no exemptions for any special group in the name of political expediency.

Prices cannot be controlled unless, in turn, wages are controlled. It is unfair to control both prices and wages unless, in turn, industrial profits are controlled. Through increased rates of taxation, the wartime profits of both corporations and individuals must be siphoned off to pay for our increased military defense programs.

Undoubtedly, this will work hardships on the different groups affected; however, if each group knows that the others are making an equal contribution, there will be much less objection.

As the Senate considers the Defense Production Act of 1950, it is essential that we make very sure that all loopholes are plugged and that all groups are treated fairly and on a basis of equality.

First. Prices: For instance, if price controls are deemed necessary to curb the rising cost of living, the base price for such price ceilings must be selected as of a specified date in the period immediately preceding the outbreak in Korea. Any variations from that level, other than changes which might be deemed necessary on a specific commodity which might have happened to be selling at either an exceptionally high or exceptionally low level as of that date, should be on a flat percentage basis. To select any date following the outbreak in Korea as a base upon which price ceilings would be imposed would be the equivalent of giving special advantages to every profiteer who jumped the gun by immediately raising his prices as a result of the war. By the same token, we would be placing a penalty on every patriotic citizen who cooperated in holding down his prices. To incorporate in this bill the suggestion that automatic price-controls become effective whenever the price index has risen to a certain level, is worse than no legislation at all. The adoption of such a proposal would be an open invitation to hysterical buying as prices approached that specified level. Again, it would be an open invitation to both merchants and manufacturers to immediately begin raising their prices to safeguard against being caught with a low ceiling on their products.

I reemphasize that we have no alternative, if we are going to impose price and wage controls, other than to select a date prior to the Korean outbreak.

Second. Wages: All of the arguments which I have advanced for selecting as a base for price ceilings some date prior to the outbreak in Korea are equally applicable to the date upon which wages should be frozen. In fairness to both groups, wages and prices must be frozen as of the same date. Any increases from the level on that date should be made strictly on a percentage basis. Selection of a later date would start a stampede among the unions to obtain another round of wage increases prior to the freeze.

Again, when the administration considers freezing the wages of employees in industry, the government as the largest employer has an obligation to set an example. On the same date, when wages in industry are frozen, the salaries of all government employees must likewise be frozen and rolled back to that same date. All automatic promotions or salary increases which normally occur with Government employees, at that time must be suspended for the duration. That was not done during the last war, and we then had the situation in which Government employees who were enforcing the controls over industry were receiving automatic salary increases. The Government officials will be much more sympathetic to the problems of the civilian working man if they are subjected to the same hardships.

Third. Taxes: One of the most unpleasant duties of the Members of Congress is to vote for tax increases. However, in this instance, Congress has no alternative other than to vote for a tax increase sufficient to cover the operating costs of this Government. With a $257,000,000,000 debt, we cannot afford a further debt increase.

To reduce to the minimum the percentage of the necessary tax increase, it is imperative that we take the steps I have outlined today, whereby substantial reductions will be made in nonessential governmental expenditures. After every possible reduction has been made in the cost of running the Government, Congress should then plug all existing loopholes in our present tax structure by repealing the special tax exemptions which now are being enjoyed by cooperative organizations and other types of institutions and foundations. At the same time, to prove our sincerity, we should repeal the special tax-exemption now enjoyed by the President and Vice President of the United States and the Members of Congress. We must make very sure that the tax load is distributed in the most equitable manner possible.

Safeguards: (a) When the power to control both prices and wages and to regulate the law of supply and demand is placed in the hands of bureaus here in Washington, that will mean that in the hands of a small number of men we shall be placing the power to regulate and to influence the price of commodities on the exchanges in this country. Following the last war, a disgraceful situation was disclosed—one in which certain prominent Government officials who had access to confidential information had been making fortunes gambling on the commodity markets. To prevent any repetition of this wartime profiteering on the part of Government officials or the misuse of confidential information, this bill should be amended to prohibit any Government official, including Members of Congress, from either speculating in the commodity markets himself or from passing on to his friends confidential information as to prospective Government decisions which will have influence on these markets.

(b) Following the last war we found numerous instances of questionable nature where Government employees who during the war years were negotiating contracts with certain corporations and after the contracts were signed obtained employment at large salaries with the same corporations. Many of those incidents had the appearance of being "pay-offs." To prevent a recurrence of such instances, the bill now before us should be amended so as to prohibit the employment within a period of at least 2 years of any Government employee by a concern with which, as a Government employee, he was in a position to negotiate or influence wartime contracts.

I doubt if there is a single Member of the United States Senate who is more opposed to unnecessary Government control than I. I was elected to the United States Senate in 1946 largely on the strength of my opposition to unnecessary Government regimentation of the American citizens. During my 4 years in the Senate I have consistently opposed the expansion of the socialistic programs of the Fair Deal administration, and I have done what I could to reduce Government expenditures and the Government's encroachments upon the rights of its citizens. It has always been my contention that the American citizens would eventually be forced to sacrifice their individual freedoms in return for these subsidy programs.

Through Federal aid and Federal subsidy programs under the guise of welfare and security we in America for the past 18 years have been selling our birthright of freedom for the proverbial mess of pottage. We have completely forgotten the warning of Benjamin Franklin, who said that he who trades freedom for security will lose both.

But today, largely as a result of the reckless spending policy and the blunders of this administration, our country is faced with a grave crisis. I feel that under the existing circumstances we have no alternative now but to mobilize the entire economy of this country on a wartime footing. As we do this, it is inevitable that every American must for the time being be called upon to sacrifice some of the freedoms which we have come to accept as our heritage.

However, in endorsing the need for controls over our economy, along with higher taxes, I want it understood that I am not willing to extend to the President any such blanket endorsement of authority as is being proposed by certain administration supporters. The bill now before us must be amended in such a manner that while it will give the President sufficient authority over the economy of this country both to protect our national security and to cope with this inflationary threat it will, at the same time, include safeguards adequate to protect the rights of the American people. Under this bill as it now stands, the President could authorize the nationalization of our great steel industry, along with the nationalization of such of our other large industries, as he saw fit. The President has already on previous occasions expressed his intention and desire for Government operation of the steel industry. It is essential that we be very careful that we are not stampeded into passing legislation which will destroy the very principles for which we are fighting.

It is with extreme reluctance and great misgivings that I have arrived at a position where I am willing to extend to the administration any additional powers or controls over our citizens because I know that there are in this administration many officials who, while they are now advocating these controls as a wartime measure, yet I recognize them as the same officials who for the past several years have been advocating a planned economy for our country. I question the intentions of these administration officials in their promise to relinquish these additional powers once this emergency is over, and to safeguard against this danger these powers should be extended on a 1-year basis only. Then Congress each year could survey the situation to determine the necessity for their further extension. The American people who are now being called upon to sacrifice many of their individual freedoms for the security of this country should serve notice on all Government officials that regardless of their political affiliations that through the power of the ballot they will hold directly responsible all those officials who condone dishonesty in government or who fail to assist in eliminating all nonessential Government expenditures. Their insistence upon this action will minimize the effect and reduce the period in which any tax increase or controls are necessary. I send to the desk certain amendments to H. R. 3936 which will carry out these recommendations. I ask unanimous consent that the amendments offered for myself and for the Senator from Kansas [Mr. SCHOEPPEL] be printed in the RECORD following my remarks.

The PRESIDING OFFICER. The amendments will lie on the table and be printed; and, without objection, the amendments will be printed in the RECORD at this point.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

On page 76, between lines 8 and 9, insert the following:

"(e) Section 284 of title 18 of the United States Code is amended by adding at the end thereof the following new subsection:

"'(b) Whoever, having been employed in any department or agency of the United States (including the Armed Forces of the United States), within 2 years after negotiating or participating in the negotiation of any contract on behalf of the United States or any department or agency thereof, shall accept employment with any other party to such contract shall be fined not more than $10,000 or imprisoned not more than 1 year, or both.'

"Notwithstanding the provisions of section 716 of this act, this subsection shall continue in effect after June 30, 1952."

On page 82, line 9, after the word "shall" insert a comma and the following: "except as otherwise provided."

On page 76, between lines 8 and 9, insert the following:

"(e) Chapter 15 of title 18 of the United States Code is amended by adding at the end thereof the following new section:

"'§ 292. Whoever, being an officer or employee of the United States or any department or agency thereof (including any Member of the Senate or House of Representatives or of the Armed Forces of the United States),

shall speculate directly or indirectly on any commodity exchange, or shall knowingly publish or disclose any information designated by the President as confidential for the purpose of aiding any other person so to speculate, shall be fined not more than $10,000 or imprisoned not more than 1 year, or both. As used in this section, the term "speculate" shall not include a legitimate hedging transaction, or a purchase or sale which is accompanied by actual delivery of the commodity. The President shall designate as confidential any information which would give any person an undue advantage in trading on any commodity exchange. Notwithstanding the provisions of section 716 of this act, this subsection shall continue in effect after June 20, 1952.'"

On page 82, line 9, after the word "shall", insert a comma and the following: "except as otherwise provided."

Mr. BYRD. Mr. President, I make the point of no quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hendrickson	Morse
Anderson	Hickenlooper	Mundt
Benton	Hill	Murray
Brewster	Hoey	Myers
Bricker	Holland	Neely
Butler	Humphrey	O'Conor
Byrd	Hunt	O'Mahoney
Capehart	Ives	Pepper
Chapman	Johnson, Colo.	Robertson
Chavez	Johnson, Tex.	Russell
Connally	Johnston, S. C.	Schoeppel
Cordon	Kefauver	Smith, Maine
Darby	Kem	Smith, N. J.
Donnell	Kerr	Sparkman
Downey	Kilgore	Stennis
Dworshak	Knowland	Taft
Eastland	Langer	Thomas, Okla.
Ecton	Lehman	Thomas, Utah
Ellender	Long	Tydings
Ferguson	Lucas	Watkins
Fulbright	McCarran	Wherry
George	McKellar	Wiley
Gillette	McMahon	Williams
Graham	Magnuson	Withers
Green	Malone	Young
Gurney	Maybank	
Hayden	Millikin	

The PRESIDING OFFICER. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Snader, its assistant reading clerk, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3666) to extend for 5 years the authority to provide for the maintenance of a domestic tin-smelting industry.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 248) to provide the privilege of becoming a naturalized citizen of the United States to all immigrants having a legal right to permanent residence.

The message further announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 2121. An act to direct the Secretary of the Interior to convey abandoned school properties in the Territory of Alaska to local school officials; and

H. R. 8230. An act to amend the act of March 11, 1948 (62 Stat. 78), relating to the establishment of the De Soto National Memorial, in the State of Florida.

The message also announced that the House had severally agreed to the amendments of the Senate to the following bills and joint resolution of the House:

H. R. 4584. An act to provide for disposition of lands on the Cabazon, Augustine, and Torres-Martinez Indian Reservations in California, and for other purposes;

H. R. 6958. An act authorizing the Secretary of the Interior to isue a patent in fee to Francis Lee Edwards;

H. R. 7017. An act authorizing the Secretary of the Interior to issue a patent in fee to Edgar S. Bigman; and

H. J. Res. 431. Joint resolution providing for recognition and endorsement of the California World Progress Exposition.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H. R. 602. An act for the relief of Fritz Busche;

H. R. 4136. An act for the relief of Helen M. Booth;

H. R. 4852. An act for the relief of Graphic Arts Corp. of Ohio;

H. R. 4989. An act to provide for the payment of just compensation to John Ii Estate Ltd., a Hawaiian corporation, for the taking by the United States of private fishery rights in Pearl Harbor, Island of Oahu, Territory of Hawaii;

H. R. 9023. An act to amend the Hatch Act; and

H. J. Res. 21. Joint resolution to provide for the utilization of the unfinished portion of the historical frieze in the rotunda of the Capitol to portray (1) the Civil War, (2) the Spanish-American War, and (3) the birth of aviation in the United States.

ADMISSION INTO UNITED STATES OF ALIEN BRIDES AND MINOR CHILDREN OF CITIZEN MEMBERS OF ARMED FORCES

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1858) to permit the admission of alien spouses and minor children of citizen members of the United States Armed Forces, which was, on page 2, line 5, strike out "ninety days" and insert "six months."

Mr. McCARRAN. Mr. President, this is the bill to let the Asiatic brides of American servicemen enter the United States for permanent residence. The House has amended the bill in one respect only, to permit 6 months after the effective date of the act, rather than 90 days, as was provided in the text which was approved by the Senate, within which the brides of servicemen might come to this country.

The amendment is entirely acceptable to the senior Senator from Nevada, as author of this bill; and I am sure it would be approved by the Committee on the Judiciary. Accordingly, I move that the Senate concur in the House amendment.

The motion was agreed to.

NATURALIZATION OF CERTAIN IMMIGRANTS—CONFERENCE REPORT

Mr. McCARRAN. Mr. President, I submit a conference report on House Joint Resolution 238, to provide the privilege of becoming a naturalized citizen of the United States to all immigrants having a legal right to permanent residence.

The PRESIDING OFFICER. The conference report will be read for the information of the Senate.

The report was read.

(For conference report, see pp. 12668–12670 of today's House proceedings.)

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. McCARRAN. The joint resolution (H. J. Res. 238), as it passed the House of Representatives, provided for the elimination from our naturalization laws of the racial barriers to naturalization. The bill was subsequently passed by the Senate with an amendment in the nature of a substitute which limited the operative effect of the bill to persons of the Japanese race. The effect of the Senate version of the bill would be to retain the racial barrier to naturalization against persons of certain other races.

It was the judgment of the conference that we should follow the version of the bill as it initially passed the House of Representatives, namely, to eliminate all racial barriers to naturalization but that in so doing we should incorporate in the bill certain procedural safeguards in order to assure, so far as possible, that disloyal persons would not be admitted to citizenship. Accordingly, the bill, as amended by the conference, provides for a more thorough screening of applicants to citizenship and precludes from citizenship Communists and other subversives.

I ask unanimous consent that a statement of the managers on the part of the Senate at the conference be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE MANAGERS OF THE PART OF THE SENATE

The managers on the part of the Senate at the conference on the disagreeing votes of the two Houses to the amendment of the Senate in the nature of a substitute to the resolution (H. J. Res. 238) to provide the privilege of becoming a naturalized citizen of the United States to all immigrants having a legal right to permanent residence (joint resolution to remove the racial restrictions on naturalization in the case of certain Japanese persons who entered the United States prior to July 1, 1924) submit the following written statement explaining the effect of the action agreed on.

The resolution as it passed the House of Representatives provided that the right to become a naturalized citizen of the United States shall not be denied or abridged because of race. This resolution also provided that no alien who, under law existing immediately prior to enactment of the resolution, would have been ineligible to immigrate to the United States because of race shall be

come eligible for immigration to the United States by reason of the adoption of the resolution.

The net effect of the resolution as passed by the House of Representatives would be to remove all racial barriers to naturalization of those persons who are legally in the United States at the time of enactment of the resolution.

The resolution as amended by the Senate extended the provisions of existing section 303 of the Nationality Act of 1940, as amended, to include Japanese persons and persons of Japanese descent who (1) entered the United States (including the Territory of Hawaii) prior to July 1, 1924; (2) have resided continuously in the United States (including the Territory of Hawaii) since such entry, and (3) are not subject to deportation.

The net effect of the resolution as passed by the Senate would be to extend the privilege of naturalization only to those Japanese persons and persons of Japanese descent who have resided in the United States, including the Territory of Hawaii, since July 1, 1924, and who are not subject to deportation, but several Asian racial groups such as the Burmese, Indonesians, Koreans, Maoris, Polynesians, Samoans, and Siamese would, under the Senate amendment, still remain on the list of races barred from United States citizenship.

The resolution as agreed to by the conferees provides that the House version of the resolution be adopted with an amendment, namely, insertion of the phrase "subject to the provisions of this act." This additional language insures that all aliens eligible to petition for naturalization under the provisions of section 303 as amended by House Joint Resolution 238 will be subject to all of the other provisions of the Nationality Act. The insertion of this additional language meetc the objections raised when the resolution was before the Senate that the resolution might permit a great many other aliens to be naturalized who were not otherwise eligible under all of the provisions of the nationality laws.

In terms of figures, the resolution as agreed to by the conferees, would make eligible for naturalization about 48,000 persons of the Japanese race residing in the continental United States and about 33,000 such persons residing in the Territory of Hawaii. In addition, the resolution would make eligible for naturalization approximately 700 Koreans residing in the continental United States and about 2,300 Koreans residing in Hawaii, plus less than 150 persons of the other, above-mentioned, Asian races of which about 20 percent reside in the Territory of Hawaii and the rest in the continental United States.

The following table illustrates the numerical extent of the effect of this resolution:

Aliens eligible to citizenship under H. J. Res. 238: Continental United States and Hawaii, 1940

Alien people	Residing in—		Total	Percentage in United States
	United States	Hawaii		
Japanese	47,305	37,353	84,658	55.99
Korean	749	2,390	3,139	20.7
Other Asian	104	41	145	71.7
Total	48,158	39,784	87,942	54.8

Source: Sixteenth United States Census.

In recommending the adoption of the resolution substantially as passed by the House of Representatives, the conferees have fully realized that the highly desirable extension of eligibility to naturalization calls for additional safeguards and that, therefore, section 305 of the Nationality Act of 1940, as amended, should be amended. Accordingly, the conferees recommend the addition of a new section to House Joint Resolution 238, which in amending section 305 prohibits naturalization of any alien who at any time within a period of 10 years immediately preceding the filing of the petition for naturalization is, or has been found to be, within any of the general classes enumerated therein.

The amendments proposed to section 305 are substantially as follows:

(1) Naturalization is specifically prohibited to anyone who within 10 years preceding the naturalization has belonged to the Communist Party of the United States; any other totalitarian party of the United States; the Communist political association; the Communist or other totalitarian party of any State of the United States, of any foreign state, or of any political or geographical subdivision of any foreign state; any section, subsidiary, branch, affiliate, or subdivision of any such association or party; or the direct predecessors or successors of any such association or party, regardless of what name such group or organization may have used, may now bear, or may hereafter adopt.

(2) The Attorney General is required to publish in the Federal Register at least once in every calendar year a list containing the name of every organization which, after appropriate investigation and on the basis of evidence or information satisfactory to him, he deems to be Communist, Fascist, totalitarian, subversive to the national security, or as having adopted a policy of advocating or approving the commission of acts of force or violence to deny others their rights under the Constitution of the United States, or as seeking to alter the form of government of the United States by force, violence, or other unconstitutional means.

(3) An alien who belongs to any such organization on the date of its proscription shall have 3 months from such date to withdraw from the organization.

(4) A person who is naturalized after enactment of section 305 as thus amended and who within 5 years after such naturalization becomes a member of or affiliated with, any organization which would have precluded his naturalization under subsection (a) of section 305, as amended, shall be presumed to have obtained naturalization by fraud or by illegal procurement.

In view of the fact that sections 303 and 305 both relate to eligibility to naturalization and liberalization of section 303 necessitates the strengthening of 305, the conferees unanimously agreed that the conference report hereby submitted represents a germane modification of subjects in disagreement.

PAT MCCARRAN,
W. E. JENNER.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

WHY WE ARE IN KOREA—TOKYO DISPATCH FROM RICHARD J. H. JOHNSTON

Mr. McCARRAN obtained the floor.

Mr. FERGUSON. Mr. President——

Mr. McCARRAN. The Senator from Michigan [Mr. FERGUSON] desires to attend the meeting of a conference committee, and I shall yield to him, and endeavor to get the floor at the conclusion of his remarks.

Mr. FERGUSON. Mr. President, I am almost certain that many Members of Congress will comment about a dispatch from Tokyo signed by Richard J. H. Johnston, published in yesterday's New York Times. Mr. Johnston's article, if true, puts the finger on a crucial weakness which not only seriously affects the morale of our Armed Forces in Korea, but also undermines the moral strength of our people at home in the world-wide battle for men's minds.

"The average GI," Mr. Johnson writes, "seems not to know why he is fighting in Korea." He quotes a 19-year-old corporal who says: "I keep asking myself what I am doing here. The funny thing is I can't answer my own question."

The nub of the dispatch is that the American soldiers now fighting and dying in Korea have not been prepared by the Army for the job they were called upon to do.

This is not a flash dispatch by an irresponsible reporter to an isolationist newspaper. Richard Johnston represents the New York Times, which printed the article. He spent 2 weeks with American troops at the front defense lines. He spoke to soldiers on the chow lines, in fox holes, aid stations, ambulances, and hospitals, and abroad trains, planes, and troop ships. And the conclusion he has reached is that the average GI believes that someone has put him into a mess he does not understand.

The GI cannot understand why, if this is a United Nations action, he has only South Koreans with him in the battle line. He cannot understand why he was so hastily thrust from soft garrison duty posts in the Pacific or from peaceful United States into the filth and violence of the Korean battlefields. He appears willing to fight for his country, but says "I'll be damned if I see why I'm fighting to save this hell hole."

Mr. President, if the nub of this article is true—if what I have quoted is really in the mind of the GI, and there are circumstances which give the color of truth to that assumption—then I submit we are truly in dark and dangerous waters.

I know that the administration's decision to defend South Korea was indeed a hasty flip-flop from the Acheson policy which wrote off China, Formosa, Korea, and almost all Asia in the year before the Korean aggression. That policy opened the door and spread the welcome mat for the Communists to move in those areas. I was against that policy of appeasement and surrender.

I agreed with the President, as did most of our people and the free world nations in the United Nations, when he reversed the Acheson policy and determined to stand against aggression in Korea. He realized, as we all realize, that not only was American security in the Pacific endangered, but that the very life of the United Nations hangs in the Korean balance. But what I want to condemn as bitterly as I know how is the failure of this administration to prepare our people and the boys who are sent to Korea for these undertakings.

At Cairo, Yalta, and Potsdam, we created an Asian vacuum and gave the Communists a springboard from which to jump in and fill it.

In the Truman doctrine on Greece and Turkey we indicated that we would resist Russian aggression anywhere. In the Marshall plan and the North Atlantic Treaty we expressed our desire to resist and to contain communism. Then

island called Formosa and, now, the developments occurring in Korea.

I propose, Mr. President, certain decisions quite different from watching the dust settle.

I assume we all agree now, Mr. President, that the United States will regard the problem of China as unsolved so long as China is controlled by a Russian-dominated Communist dictatorship. I assume we agree that the United States will continue to help China break away from this dictatorship.

In view of the immediate military problem in the Far East, and of the enormity of the distance involved, I recognize that we cannot at this moment lay out a program for the liberation of the Chinese people. But in charting our long-range course for Asia, Mr. President, there is one policy on which we can reach a decision today. That is a decision, which I urge upon the Senate—that we avoid at all costs being maneuvered into a position where we look like foreign invaders attempting to subjugate an oriental people.

There is no question that in the Orient there is a new determination to end forever the various forms of inferiority imposed upon them historically by occidentals. The day when a foreign business executive or foreign government official could require his Asiatic clerks to kneel in his presence is—thank heaven—gone forever. The people of Asia will never accept a democracy which retains this element of servility. They will not buy a democracy imposed on them by foreigners on the foreigners' terms. They will resist a liberation which, whatever its motives, has either the appearance or substance of a foreign invasion.

The people of Asia do want our friendship and military help. I am sure that they have a special place in their hearts for the United States. Nevertheless, Mr. President, we must recognize that, at present, to orientals it appears that the only leadership in the attempt to oust the Communists from Asia is that of a foreign army of occidentals. If we do not recognize this reality, our well-meant intent to throw out the Communists will fail.

I should like to emphasize the significance of this point in our Korean operations. When the time comes for us to take the offensive in Korea, when we are ready to fight past our beachhead and drive the invaders back of the thirty-eighth parallel, are we going to have the people of South Korea fighting at our side and welcoming us as liberators? The answer to this one must be thought out carefully in setting our military course in Korea.

From Russia's maneuvers in the Security Council it is plain to see there is danger we cannot hold out much longer against seating Red China in the UN. We cannot, that is, unless we can point to the seat occupied by the Nationalists and say, "There is the delegation that represents the real interests of the Chinese people; that is the Government to which the Chinese people look for liberation."

It is inconceivable that we can successfully block the seating of the Communists if we let the Nationalist Government go out of existence.

I believe that our policy of opposition to Red China is phony unless it incorporates the corollary policy of bolstering the Nationalist Government. We must make that Government, whatever its faults, the rallying point for Chinese opposed to communism, at least during the first phase of China's come-back. We must direct our help to that objective. Otherwise, Russia will succeed once again in convincing many nations, and particularly Asiatic nations, that China's come-back is an American imperialist idea rather than the idea of the Chinese Nation.

Mr. President, the point I am making is that if China is to be liberated, the job must be shared by the people of China, under Chinese leadership. The job cannot be done, with political success, exclusively by an army of Occidentals. It cannot even be done by forces from Viet Nam or from Korea.

I am certain the majority of China's millions are not Communists, and that they will never become Communists. I feel confident that the grip of the Communist minority will start slipping when it becomes baffled by the feeding of China, let alone the job of establishing a healthy economy.

I am sure that, if the United States does not wait too long for the dust to settle, the majority of the Chinese people can be rallied to fight to expel the Communists, if they have American help, and the help of the nations in the anti-Communist alliance.

It is my conviction, therefore, Mr. President, that it is mandatory that a rallying point for the non-Communist Chinese should be offered. If the Communists are to be driven out of China there must be a nucleus for a military force that is aggressive, well led and capable of growth. But such leadership cannot be effective unless it is in close touch with the Chinese people and accepted as basically Chinese in outlook. No regime resulting from purely foreign intervention can withstand the propaganda attacks the Communists will use against it, or even win the allegiance of those Chinese who, while opposed to communism, want to select their own leaders and government.

All of these considerations, Mr. President, seem to make it imperative that General Chiang Kai-shek be enabled to regain his position as the leader of anti-Communist China. It is too early to say who the eventual leader will be who will preside over the eventual liberation of China. Quite probably that leader will emerge from the Chinese underground, possibly from the mainland, possibly from Formosa's ranks. When this leader does come forth, the United States should be ready to get behind him and do everything possible to help the redemption of China. In the meantime, we should support the one leader who is willing and able to get into the fight now.

I am not proposing that we should commit ourselves irrevocably to Chiang Kai-shek as the man to lead that movement permanently—far from it. But, on the other hand, we should not be so blind, or deliberately negligent, as to permit his position to deteriorate to the point where he will be completely discredited and impotent.

At this point, Mr. President, I would like to make very clear that I understand all possible interpretations of my proposal. I am well aware of the political thesis long followed by the gentlemen in the State Department. I understand thoroughly their argument that there were great abuses in China under General Chiang Kai-shek. I fully understand that, given the poverty of China's masses—reform, agrarian reform of some sort, would have been helpful. I am aware of the State Department's wish that there could have been some reforms.

But, Mr. President, I find it hard to be patient with that sublime innocence in the State Department which could confuse the need for agrarian reforms with the people who were trying to put them over. Those murderous political carpetbaggers who, having taken China, will only murder, and not introduce reforms. What sort of innocence is it that will let a burglar break down the door on his say so, that he is merely entering to repair a water faucet? What sort of doctrinaires are these in the State Department who, on seeing China's hunger, decided joyfully that the Chinese Communists could be trusted to come in with bread baskets instead of tanks?

Yes, Mr. President, I am quite familiar with the doctrine of those desk-bound intellectuals who got all mixed up, those gentlemen who would probably describe Al Capone as the product of an unhappy childhood, those gentlemen who saw a boil on China's neck and called in the executioner with his ax, thinking he was a surgeon.

So much for the doctrinaires.

Mr. President, we cannot escape blame for that tragedy. The white paper issued by our State Department is all the evidence necessary to establish that through intent or innocence, by our negative, unrealistic policies, we aided and abetted the defeats, political, and military, suffered by the Nationalist Government. Our policy makers did voice occasional gentle reproaches toward the invader's artillery, but they shrieked with horror at the idea that anyone contaminated by contact with the Nationalists was fit to breathe the air of China.

How stupid can a policy be? We were tearing down one leader and his government, and failed utterly in building up another. Does history offer no lesson? There is no such thing as a political vacuum, no matter how much our State Department officials may wish for one. Our policy of aloofness, of superiority, of moral indignation, succeeded only in sabotaging the Nationalist Government, in destroying the faith of many Chinese in their government, but did nothing to substitute another political force. We did nothing to fill the void, encouraged no other leader to rally the anti-Communists. Incredibly, our policy makers agreed that the vacuum should be filled by the Soviet puppets, with the inevitable result that China went behind the iron curtain.

Yes, we waited for the dust to settle, and as it settles we open our eyes to find GI's bogged down in the mud of Korea.

There can be no question that at this hour, the Generalissimo is the most powerful figure in the whole Asiatic resistance movement. Possibly the best proof of this fact is the priority given to him by the Communist radio in China, which, I am told, concentrates a constant and fierce propaganda against him. He is the leader of an army of half a million men on Formosa. He is acknowledged a large following all over the Chinese mainland.

I am quite ready to concede, as I have already indicated, that the Generalissimo may not be the man to start and finish the long campaign to redeem China. There can be no doubt that, under his leadership, the Chinese Nationalist government was driven out of China. I have no reason to deny that many segments of the Chinese National government were weak and corrupt. Mr. President, it is not a perfect world nor can we insist our military allies be cast in the mold of George Washington.

Nevertheless, anyone who examines the record of our Chinese policy, particularly as set forth in the so-called white paper issued by our State Department, incomplete and biased as that document may be, cannot avoid the conclusion that had we been trying deliberately to undermine and discredit Chiang Kai-shek's government, from the days of General Stilwell down to the Korean invasion, we could not have done a better job than was actually done.

I do not charge that our State Department deliberately undermined Chiang Kai-shek. What I do say is that by directing our policy toward fuzzy rather than concrete objectives, by being overwilling to buy the Red offer of agrarian reform made with the left hand, while they held a grenade in the right hand—by swallowing the Communists' own statements of their motives—we produced statesmanship at the level of the psychopathic ward. We failed to act when we should have acted, and we publicly rebuked when we should have remained silent. And, in the end, we wrecked the Chiang Kai-shek government.

Mr. President, had we decided 3 or even 2 years ago that it was against the interests of democratic states to allow the Communists to conquer China—had we used our money and ingenuity to back that objective, I believe we could have done the job without committing American soldiers to battle in China. I am sure that if we had set out deliberately to keep the Communists from taking China, our policy would have been reversed and the military events of this June 25 would not have occurred.

My plea today, Mr. President, is that we bear this unfortunate record in mind as we contemplate our course in the Far Eeast. I have no doubt that it is well within the power of the United States to make Chiang Kai-shek lose his present key position in the anti-Communist movement, and his remaining hold on the Chinese people. I maintain that we do not have to take conscious, deliberate action to cause this to happen. It will happen automatically if we do not give thought to what we are doing—if we do not see to it that our economic help, our military help and policy announcements—are aimed and timed so that the generalissimo is made to appear as an outsider, a meddler or an incompetent.

I urge, Mr. President, that the Chinese people need a leader to rally them against the Communists. As of today there is no one who shows promise of doing that job except Gen. Chiang Kai-shek. Let us not follow a policy that will prevent him from performing this task—if events of the next few months indicates that he is the man to do it.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Mr. MAYBANK. Mr. President, will the Presiding Officer be kind enough to advise the Senator from South Carolina what the question before the Senate is?

The PRESIDING OFFICER. The pending question is on agreeing to the amendment of the Senator from Nebraska [Mr. WHERRY] to the amendment of the Senator from South Carolina [Mr. MAYBANK].

Mr. MAYBANK. Mr. President, I ask unanimous consent that that amendment be laid aside while I accept an amendment which I feel certain is satisfactory all around, to be offered by the Senator from Idaho [Mr. DWORSHAK].

Mr. WHERRY. Mr. President, I have no objection at all to laying aside the proposed modification of the Maybank amendment, the Barkley-Bates amendment, and taking up another amendment.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Nebraska to the amendment of the Senator from South Carolina is temporarily laid aside.

Mr. DWORSHAK. Mr. President, I ask unanimous consent to present an amendement and have it immediately considered, in view of the fact that the chairman of the Committee on Banking and Currency has agreed to it.

The PRESIDING OFFICER. The Clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to add at the end of the bill a following new section, as follows:

SEC. 717. Nothing in this act shall be construed to authorize the creation of a Columbia Valley Administration or Columbia Valley Authority or any agency for the purpose of developing or administering the waters of the Columbia River or its tributaries.

Mr. LUCAS. Mr. President, just a moment on that amendment. Does the Senator from South Carolina agree to it?

Mr. MAYBANK. Mr. President, it is my understanding, the understanding of the committee, and the understanding of the legislative counsel, that the section to which the Senator from Idaho refers was not intended to authorize the creation of a Columbia Valley Administration, a St. Lawrence Valley Administration, or any other valley administration.

Mr. LUCAS. I presume that is true as to all the valleys, but if we are to make an exception as to one, I presume we would have to as to all.

Mr. MAYBANK. That is why I made the statement that it was not intended to cover any of the valleys being suggested for reclamation, and the like.

Mr. LUCAS. I am going to object to the unanimous consent agreement to let this amendment go through, because I do not see any reason for it at all.

The PRESIDING OFFICER. The amendment may be submitted.

Mr. CAPEHART. Mr. President, having sat through all the hearings, I believe I know something about the bill, and I do not think it was ever the intention of the committee that under the bill the President could set up an authority such as the Columbia Valley Authority, or any other authority like the TVA.

Mr. MAYBANK. It was never intended.

Mr. CAPEHART. It was never intended, and I do not believe the President would do it, under the bill. However, one must admit that, if we stick strictly to the reading of the bill and the language itself, the President could do it: Since it never was the intention of the committee and never was discussed, and I am certain was not the intention of a single member of the committee, that the President should be given the authority to set up a valley authority, we might well accept the amendment. I see no harm in accepting it. It might well be a good thing to accept it. I would say that if we pass the bill without this amendment in it, and I found that the President had set up a valley authority, I certainly would have to say that he did something it was never the intention of the committee to authorize.

Mr. DWORSHAK. Mr. President, what is the status of the amendment?

Mr. MAYBANK. The amendment will be printed and will lie on the table until tomorrow. The Senator from Illinois [Mr. LUCAS] objected to its consideration. I may say to the Senator from Idaho that I feel somewhat as does the Senator from Illinois. I think I stated to the Senator substantially what the Senator from Indiana has said, that it was never our intention to give the President the authority.

Mr. DWORSHAK. Mr. President, as I stated in my conversation with the chairman of the Committee on Banking and Currency, I did not intend that the merit or lack of merit of the proposal should be discussed at this time, but in view of the fact that the chairman of the Senate Committee on Public Works has a bill pending before his committee, and has given assurance that no consideration will be had until after hearings are held in the field, I thought it would serve a good purpose to clarify the at-

mosphere at this time so that there would be no misunderstanding.

Mr. MAYBANK. I believe the statements which have been made will clarify it. I have been in touch with the Senator from New Mexico [Mr. CHAVEZ]. There are a number of valley authority bills, and it was never the intention of the Committee on Banking and Currency to transgress on the jurisdiction of the Committee on Public Works.

Mr. LUCAS. Mr. President, I assure the Senator from Idaho that so far as I personally know, the President has no intention of doing what the Senator is trying to prevent by his amendment. I believe that if we start denying the President power to do certain things, there will be no end to this kind of amendments, because all manner of implications might be drawn as to what the President might or might not do as a result of the power proposed to be given him. We have some confidence in the President when we grant the power proposed to be given, but I assure the Senator from Idaho that there will be no valley authorities started under this program.

The PRESIDING OFFICER. Does the Senator from Idaho withdraw his amendment temporarily?

Mr. DWORSHAK. Mr. President, I want the amendment to lie on the table for consideration at the proper time.

Mr. AIKEN. Mr. President, I ask the chairman of the Committee on Banking and Currency what machinery the executive branch of the Government has set up for the application of price control.

Mr. MAYBANK. The President did not ask for price control legislation. He asked for the legislation contained in titles V, VI, and VII.

Mr. AIKEN. The Senator from South Carolina does not know of any move having been made by the administration to set up machinery of that kind?

Mr. MAYBANK. No.

Mr. AIKEN. Am I correct in understanding that it would require possibly 3 or 4 months to get such machinery in shape to administer price controls?

Mr. MAYBANK. To the best of my knowledge no members of the committee discussed that subject. But as the Senator knows, provision is made for stand-by controls, so in case the situation should become worse the President could take action.

Mr. AIKEN. For several weeks I felt there should be stand-by legislation available in case the need came upon us suddenly.

Mr. MAYBANK. That is what we tried to provide for.

Mr. AIKEN. But as I have listened to the discussion today I will have to admit that considerable uncertainty has crept into my thinking as to the advisability of forcing legislation upon an unwilling administration. It seems to me there should be some indication on the part of the administration that these controls are likely to be needed in the near future. Because it is quite apparent that legislation could be enacted in less time than the executive branch of the Government could set up machinery to apply such legislation I am still inclined to think that the controls should be ready.

Mr. MAYBANK. We cannot start any machinery, until we pass a bill under which the machinery can be set up. In committee several Senators reserved the right to vote against this section or the other section, but as the bill was finally drafted, and came out of the committee, after much study had been given to it, direction was given to conform more or less to the powers in World War I and in World War II, the WPB, OPA and Office of Economic Stabilization provisions.

Mr. AIKEN. It is contemplated by the provisions of the bill that each of the departments of the Government would enforce price controls on such items as fall generally in the category of each department?

Mr. MAYBANK. No. That is purely for the President to decide. An amendment offered by the Senator from Ohio [Mr. BRICKER] today would throw most of such enforcement upon the Secretary of Commerce. I am going to discuss this with the Senator from Ohio later.

Mr. AIKEN. I do not think the burden should be thrown upon any one secretary.

Mr. MAYBANK. Let me read the language of the bill in that connection in section 703:

> Except as otherwise specifically provided, the President may delegate any power or authority conferred upon him by this act to any officer or agency of the Government, including any new agency or agencies (and the President is hereby authorized to create such new agencies, other than corporate agencies, as he deems necessary—

And so forth. Then section 704 provides:

> The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this act.

In other words, the President could create a new agency, or he could designate whomever he wanted. The only limitation lies in the matter of Senate confirmation.

Mr. CAPEHART. Mr. President, I might be able to answer the Senator from Vermont. The bill specifically states that if and when the President imposes general price ceilings, rationing and wage controls, he must set up a separate organization to handle all three.

The bill specifically so prescribes.

Mr. AIKEN. Does the bill require him to apply all these controls at the same time? For instance, if he imposes price control is it obligatory that he impose wage controls also?

Mr. CAPEHART. I think it should be explained that there are two parts to the bill. One is the portion which the Committee considered for ten days, which is the portion of the bill the President asked for. That covers priorities, rationing, requisitioning and credit controls and the general provisions. Those provisions are to help win the Korean war and to rearm this nation. Then at the end of the executive sessions of the committee, titles IV and V were injected into the picture, which deal 100 percent with the general freeze of all prices, of wages and rationing. When the President imposes a general control on all prices, all wages, and all rationing, he must set up a separate administration. The administrator of that agency must handle all three of the controls.

Mr. MAYBANK. That is over-all control. The Senator will find language covering that on page 42, lines 9 to 13.

Mr. CAPEHART. That is why I have been advocating the elimination—at least I have been thinking that we would be better off if we were to eliminate titles IV and V, ask the administration to submit a new bill to cover those items, have the committee hold hearings, call in the persons who had to do with price control and rationing and wage controls in World War II, obtain the benefit of their thinking, write a new stand-by control bill, and hand it to the President.

Mr. AIKEN. It seems to me very essential if we enact legislation providing stand-by controls for the President to use, if necessary, that we make pretty sure that it is workable legislation.

Mr. CAPEHART. All that is done in this bill is to give him a blank check.

Mr. AIKEN. I do not know whether we do that exactly.

Mr. CAPEHART. It is in titles IV and V.

Mr. AIKEN. It seems a little difficult to legislate on the floor of the Senate without benefit of the views of any member of the executive department by which an industry may be regulated. We have spent 2 or 3 hours this afternoon discussing one provision intended to protect one phase of one industry. It seems to me that if we approach the whole subject in the manner which the amendment now before us contemplates, and then if we do the same thing for a thousand industries, and perhaps a dozen phases for each industry, we might be a long time writing a bill on the floor.

Mr. MAYBANK. It is my hope that the bill will be passed in substance as it was reported by the committee. I appreciate what the Senator from Vermont has said, that if we go into the individual items, and there are something more than 100,000 of them, we would get nowhere.

Mr. AIKEN. Does the Senator from South Carolina believe that the price-control provisions of the pending bill are sufficiently different from those passed by the House, so that when the bill goes to conference it would be legitimate and proper to write an entirely new provision which might be more workable, or possibly are they so different that they both could be dropped out?

Mr. MAYBANK. The Senator from Vermont has been a conferee on the part of the Senate in connection with many agricultural bills. It is oftentimes possible, in conference, to come out with a better bill than either the House or Senate bill which went to conference.

Of course I do not know how the Senate will finally decide; I do not know the form in which the bill will finally be passed by the Senate. As the matter stands today, the only appreciable difference between the House bill and the Senate bill is that the House has removed from its bill the separate provisions of section 402 (b) for selective controls above the retail level. However, I do not

think there is any appreciable difference between the two Houses.

Mr. AIKEN. I still think it highly advisable to provide stand-by controls.

Mr. MAYBANK. I think so, too.

Mr. AIKEN. I would hate to have the bill which was finally passed by the Congress written in such a way that when the time came to apply such stand-by controls, the President would have to call upon Congress to provide them—thus making it appear that Congress had failed to act with intelligence.

Mr. CAPEHART. I think that is what would happen.

Mr. MAYBANK. Mr. President, the committee has considered all the testimony and has had the benefit of the views and the experience of the OPA and of Mr. Symington and his group, and the committee also has had the benefit of the work, both day and night, by the legislative counsel, and so forth. The committee's bill provides all that the committee thinks it necessary to provide.

Mr. AIKEN. I am sure the Senator recalls, as I do, the weeks and months of debate on the floor of the Senate in connection with the preparation of the Price Control Act of 1942.

Mr. MAYBANK. That is correct, and I recall very well the work done in that connection on the floor of the Senate by former Senator Brown.

Mr. President, I should like to say to the Senator from Nebraska that I understood earlier that we would not be able to reach a unanimous-consent agreement today in regard to voting on this measure, because the Republicans are to have a conference in the morning. However, I say to the Senator from Illinois and the Senator from Nebraska that I hope that after that conference is held tomorrow, we shall be able to reach an agreement very soon, because this is a most important measure, on which a great deal of work has been done. The committee has worked on this measure long and hard.

Although there are some differences between Senators in regard to one or two sections of the bill, it is essential that we act on this bill this week. In the committee we often worked until quite late at night, sometimes until considerably after midnight.

So I hope an agreement may be entered into following the Republican policy committee's meeting.

Mr. WHERRY. Mr. President, I wish to say that we will give full cooperation in regard to action on the bill and the final passage of the bill. However, I have counted the amendments, and I understand that there are approximately 29, if not more.

Mr. MAYBANK. I understand that there will be approximately 40 amendments in all.

Mr. WHERRY. Of course, I do not know the number of amendments which finally will be called up, and I do not know how much discussion will be had in regard to each of them.

However, I wish to assure the distinguished acting majority leader that, so far as the minority are concerned, they will have no disposition to do anything other than to cooperate in every possible way in order to reach an early vote on the bill.

Nevertheless, in view of all the amendments which still are ahead of us, it seems a little difficult to arrange now for a time for the final vote on the bill.

Mr. CAPEHART. Then, Mr. President, why do not we get busy tomorrow and begin to vote on the amendments?

Mr. MAYBANK. That is what I hope to have the Senate do, and to remain in session tomorrow night, if necessary.

Mr. CAPEHART. Mr. President, at the minority conference meeting tomorrow I shall recommend, so far as I personally am concerned, that we get on with the business before the Senate.

Mr. MAYBANK. And let us have a night session, if necessary, just as in the committee we often met at night.

Mr. LUCAS. Mr. President, what is the harm of continuing now, for it is only 4:20 p. m. Let us continue now, instead of waiting until tomorrow to act on the amendments.

If Senators will stop talking and will let the Senate begin to take action on the amendments, certainly we can act on some of the amendments this afternoon.

AMENDMENT OF DOMESTIC TIN-SMELTING INDUSTRY—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, I submit a conference report on Senate bill 2666, to extend for 5 years the authority to provide for the maintenance of a domestic tin-smelting industry, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The report was read, as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3666) to extend for five years the authority to provide for the maintenance of a domestic tin-smelting industry, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:
>
> That the House recede from its amendment.
>
> LYNDON B. JOHNSON,
> LESTER C. HUNT,
> *Managers on the Part of the Senate.*
>
> BRENT SPENCE,
> PAUL BROWN,
> WRIGHT PATMAN,
> MIKE MONRONEY,
> JESSE P. WOLCOTT,
> RALPH A. GAMBLE,
> *Managers on the Part of the House.*

The PRESIDING OFFICER. Is there objection to the immediate consideration of the report?

Mr. WHERRY. I have no objection to the immediate consideration of the report, but I should like to ask a question about it.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. JOHNSON of Texas. Mr. President, as the bill was passed by the Senate, it would extend for 5 years the authority to operate the tin smelter. When the bill was considered by the House, the House added an amendment. Subsequently a conference was had, and at the conference the Senate conferees prevailed upon the House conferees to delete the amendment made by the House and to accept the bill as passed by the Senate.

So the conference report is in exactly the same form as the bill which was passed by the Senate.

Mr. WHERRY. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the report.

The report was agreed to.

Mr. LUCAS. Mr. President, I wish to know what happened just a moment ago in regard to the conference report.

The PRESIDING OFFICER. There was no objection to approval of the report, and it was agreed to.

Mr. LUCAS. Perhaps I shall wish to object, if I can find out what is going on. A moment ago a conference report was adopted while I was out of the Chamber, although if I had been in the Chamber at the time I certainly would not have agreed to approval of the conference report.

Mr. JOHNSON of Texas. Mr. President, I am sure the Senator is happy that this particular conference report has been agreed to.

Mr. LUCAS. If the Senator from Texas submitted it, I am sure the report is all right. Nevertheless I should like to know about it, for I might wish to move to reconsider.

Mr. JOHNSON of Texas. Mr. President, the RFC has operated a tin smelter. Its authority to do so has expired, and the RFC has requested authority to continue that operation for 5 years. The Senate passed the bill on the call of the unanimous-consent calendar. Subsequently, the House considered the bill, and voted to add an amendment to it; and the measure went to conference.

In the conference the Senate conferees prevailed upon the House conferees to recede from the amendment.

The conference report has been submitted in the form of the bill as it was originally passed by the Senate.

Mr. LUCAS. Then I have no objection to the report.

Mr. JOHNSON of Texas. I thank the Senator.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, a statement explanatory of the conference report.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR JOHNSON OF TEXAS

Tin is a vitally essential metal to the United States in time of peace and in time of war. No military operation can succeed without tin, and the domestic economy cannot function satisfactorily without tin.

Unfortunately, in terms of tin supply the United States is a have-not nation. Decades of exploration have failed to uncover tin deposits within the United States adequate for even a few days demand annually. As a result, the United States, which consumes as much tin annually as the rest of the world combined, must rely upon foreign sources for virtually all of our tin supply.

Prior to World War II, we recognized the obvious danger that enemy action might cut off the supply of tin concentrates and even destroy the tin-smelting capacity of Europe, which was then our sole source of refined tin. To correct this situation, the Government built the Longhorn tin smelter, which is our only tin smelter.

The Longhorn smelter is especially equipped to treat Bolivian ores since, in time of global war, access to these ores is less likely to be nullified by enemy action. However, the Longhorn smelter can treat any ores in the world.

We must keep in mind, however, that the bulk of world tin production is in southeast Asia. Already Communist-inspired forces are active there. Our supply of tin from that area is plainly in great danger; this danger is not offset or minimized by the possible availability of Bolivian ores. We must recognize that the situation which caused us to build the Longhorn smelter 10 years ago is now again duplicated in the course of international events. The enemy is new, the threat is old.

To meet this threat, we must do two things:

1. Immediately pass this legislation so that our one and only major tin-smelting operation can be brought to maximum production rapidly without loss through contractng delays of our overseas tin concentrates supply.

2. Move with the greatest speed to secure from the Far East as much tin as possible while there is still time to build our tin stockpile.

We need all the tin we can get at home and abroad. We do not have enough now. Our stockpile is not in good shape. Our output it not nearly what it should be.

Beyond that, there is still another important consideration which makes enactment of this legislation important. The Longhorn tin smelter is a weapon of war—as surely as a gun or tank or ship or plane is a weapon. There is not any justification for letting this fine weapon fall into disuse; there is no justification for hampering its efficiency and effectiveness through unnecessary delay.

Congress has acted wisely in deterring the sale of war plants during the past 4 years. For example, during the past two sessions—the Eightieth and Eighty-first Congresses—both Houses have refused to dispose of our vital rubber plants. Events have proved the wisdom of the congressional position; we are using nearly all the rubber plants we still own—and we may need more.

Less than 90 days ago, committees in both Houses were told that the tin smelter should be closed down—that it was no longer needed. We were told the same thing about our rubber plants. It would be unthinkable for Congress now to heed the counsel of those whose lack of judgment, lack of vision, and lack of information has been indicted already by the course of world events.

Time is running out. Let's not jeopardize our national security longer. Let's pass this badly needed legislation now.

As part of my statement, I wish to include a more detailed memorandum citing the uses of tin, the demand for tin, the supply of tin, and some of the factors which make continuation of our one tin-smelting operation essential now.

MEMORANDUM ON THE IMPORTANCE OF AN ADEQUATE SUPPLY OF TIN TO OUR NATIONAL SECURITY AND THE NEED FOR THE CONTINUED OPERATION OF THE LONGHORN SMELTER

USES OF TIN

Tin is a vitally essential metal in time of peace or war. In wartime it provides the coating of tin on the sheet steel used to can the food used by the armed services; it makes solder for countless billions of electrical connections for radio, radar, transport and power equipment; it makes the babbitt metal for bearings for machine tools, transportation equipment and other purposes; it is a constituent of bronze used in huge tonnages by the Navy and the Army. Even in wartime, with conservation and substitution, there is a substantial civilian requirement for tin for foodstuffs, for maintenance, repair and operation of industrial equipment, for type metal for printing, for retinning the farmers' milk cans and a host of other uses. The United States consumes approximately as much tin each year as is consumed by all the other countries of the world combined.

United States tin consumption

[In long tons]

Use	A		B		C		D	
	4-year prewar average 1937–40	Percent	1941 war preparation year	Percent	4-year war average 1942–45	Percent	4-year postwar average 1946–49	Percent
Tin plate	34,520	42	44,854	33	25,324	30	30,134	37
Terneplate	1,343	2	2,046	2	699	−1	435	−1
Solder	17,238	21	28,225	21	13,639	16	18,465	22
Babbitt	6,006	7	10,599	8	7,617	9	6,210	8
Bronze and brass	7,881	10	23,170	17	29,393	35	19,927	24
Collapsible tubes	3,504	4	4,445	3	694	−1	797	−1
Tinning	2,370	3	4,132	3	2,941	3	2,540	3
Foil	1,864	2	4,292	3	378	−1	265	−1
Chemicals	854	1	970	−1	399	−1	346	−1
Pipe and tubing	878	1	1,325	1	229	−1	345	−1
Tin oxide	1,091	1	1,490	1	33	−1	121	−1
Type metal	1,186	1	1,515	1	1,219	1	1,487	2
Galvanizing	945	1	967	−1	22	−1		
Bar tin	982	1	2,133	2	1,009	1	242	−1
Miscellaneous alloys	394	−1	617	−1	868	1	170	−1
White metal	596	−1	2,561	2	176	−1	36	−1
Miscellaneous	719	−1	1,054	−1	256	−1	977	1
Total	82,372		134,695		84,892		82,466	

WORLD SUPPLIES

Our entire requirements (with the exception of less than 50 tons a year, mostly from Alaska) are derived from distant overseas areas such as Bolivia, Belgian Congo, Indonesia, Thailand, and Malaya. Access to certain of these areas may be cut off by enemy action, and as in World War II, we may be dependent upon part of the Bolivian production (approximately half goes to the United Kingdom) and on the Belgian Congo. These sources are inadequate to supply our needs, hence the necessity for a stockpile of tin.

Principal sources of tin concentrates

[Output in long tons of tin content]

Year	Malaya	Indonesia	Thailand	China	Belgian Congo	Nigeria	Bolivia	Other	Total
1939 (prewar)	47,416	26,759	15,637	12,300	8,147	9,427	27,476	19,663	167,500
1941	79,400	53,372	15,827	6,300	15,748	12,062	42,068	18,676	246,000
1949 (postwar)	54,910	28,965	7,817	4,200	13,539	8,823	34,117	9,258	161,700

World smelter production of pig tin

[In long tons]

Year	Malaya	China	Belgian Congo	Belgium	Netherlands	United Kingdom	United States	All other	Total
1939	80,523	12,300	2,597	3,965	14,430	37,269	0	22,200	173,800
1941	125,000	6,300	11,818			41,208	1,839	31,100	216,000
1949	62,737	4,200	3,890	8,996	19,247	28,384	36,053	5,500	169,000

Production of Longhorn tin smelter, Texas City, Tex.

[In long tons]

1942	15,695
1943	20,727
1944	30,619
1945	40,591
1946	43,468
1947	33,292
1948	36,677
1949	36,053
7 months to July 31, 1950	17,663
Total to date	274,785

The smelters in the Far East treat high-grade alluvial tin concentrates. This is a relatively simple process and high output can be attained with a minimum of equipment. The big British and Dutch smelters process medium-grade complex ores as well as high-grade alluvials. Texas City is equipped to handle all grades of concentrates and possesses in addition to the usual smelting and refining equipment extensive facilities for pretreatment such as roasting and leaching and has even concentrated some of the receipts. It can produce from 45,000 to 90,000 long tons of pig tin a year depending upon the grade and complexity of the material treated. Its facilities are unrivalled for the processing of tin concentrates from all parts of the world.

THE NECESSITY FOR CONTINUING OPERATIONS AT TEXAS CITY

Since the war, rehabilitation has been slow in Malaya and Thailand and almost nonexistent in Burma, French Indochina, and China. Excellent progress has been achieved by the Dutch in Indonesia. In Nigeria, Belgian Congo, and Bolivia there was no war destruction but wartime operations were at such a high rate that development work necessarily fell behind and in the postwar period their production has been less than during the war, even with higher tin prices.

The shortage of tin in the postwar period was acute until 1949 when restrictions over its use in the United States were lifted. Although the supply is increasing it is still inadequate to meet world industrial needs plus the United States stockpiling program.

We again may be faced with the loss of pig tin from Malayan smelters should a major war break out. Bolivian tin concentrate production before the war was shipped to the United Kingdom and the European Continent for smelting. The resultant pig tin was sold abroad as its quality was not suitable for large scale use in the United States. Should European smelters be damaged, it might be necessary to treat all of the Bolivian and other production in the United States.

The Texas City smelter pays its operating costs out of its smelting charges, penalties, and deductions so that its operation is no charge against the taxpayer. The original capital cost or any bookkeeping entries for depreciation are a proper charge against national security.

SHUT-DOWN PROPOSALS AND COSTS

It has been suggested by certain interests that the plant be closed and maintained on a stand-by basis and that we purchase all of our pig tin from foreign sources, except for a minor amount produced from detinning operations and possibly from an experimental smelting unit now in operation. This proposal ignores our national security and would place a totally unnecessary burden on the taxpayer.

This year a waste acid plant was put in operation to reclaim currently used acid and retreat 80 acres of acid in ponds adjacent to the plant. This acid plant will have to operate until all acid is reclaimed, whether or not the smelter operates. This will take some years to accomplish. The RFC estimated that a shutdown of 2 years and then a reopening of the plant would cost the taxpayer $3,280,000 which included operation of the acid plant during the shutdown.

More important than the unnecessary cost would be the dispersion of the technical staff and skilled workers which has taken so long to build up and train. The closing of the smelter would divert Bolivian, Indonesian, Thailand and other tin concentrates to foreign smelters. These new contractural obligations with foreign smelters might take time or considerable cost to modify. Our smelter stocks of tin concentrates would be exhausted, whereas an operating enterprise of necessity maintains a considerable tonnage which constitutes an additional form of stockpiling. Untreated stocks of concentrates thus diverted to foreign smelters might to lost by enemy action. For these and many other reasons, our national security will best be served by a continuation of tin smelting at Texas City.

When the prospects of peace were brighter the Congress authorized the continuation of the operation for a further period of 2 years. The smelter has been in steady operation for more than 8 years and has produced approximately half a billion dollars worth of pig tin. Its operations have been handicapped, however, by the short duration of each authorization. Contracts for only short periods could be negotiated for tin concentrates. Trained technical staff and skilled workers were hard to attract due to the limited time of operations under each authorization. Changes in plant or process could not be made on any substantial scale even though they gave every evidence of lowering costs because the costs could not be entirely liquidated in the short period.

Under the present bill, authorizing a permissive operation for a 5-year period better concentrate contracts can be entered into, the labor situation will be more stable, operations can be still further improved and costs reduced in an orderly, well-planned program. The proposed legislation has been under careful consideration for a lengthy period, and has the approval of all directly concerned agencies of government as well as the overwhelming majority of domestic tin consumers.

NATURALIZATION OF CERTAIN IMMIGRANTS—CONFERENCE REPORT

Mr. LUCAS. Mr. President, conference reports are adopted from time to time, although often the reports are entirely different from the bills as they were passed by the Senate. I think it would be rather a good practice, regardless of the nature of the conference report, to have quorum calls had before conference reports are agreed to.

I now enter a motion that the Senate reconsider the vote by which the Senate earlier today agreed to the conference report on House Joint Resolution 238, to provide the privilege of becoming a naturalized citizen of the United States to all immigrants having a legal right to permanent residence. I was not present when the conference report was submitted, and I wish to have an opportunity to examine it.

Mr. President, I do not say that I am going to object tomorrow to the conference report, but I should like to have an opportunity to study it, because the report is contrary to the measure I introduced. In the report apparently three or four pages of additional language have been added, making the form of the joint resolution entirely different from what it was when it was passed by the Senate. Therefore, I should like to examine the conference report before it is finally adopted; and I move that the Senate reconsider the vote by which the conference report on House Joint Resolution 238 was agreed to.

The PRESIDING OFFICER. The motion will be entered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Kent, its enrolling clerk, announced that the House insisted upon its amendment to the bill (S. 1838) to amend title 28 of the United States Code relating to fees of United States marshals, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. HOBBS, Mr. RODINO, and Mr. MCCULLOCH were appointed managers on the part of the House at the conference.

The message also announced that the House insisted upon its amendments to the bill (S. 3921) to provide for the temporary appointment of referees in bankruptcy, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. HOBBS, Mr. REED of Illinois, and Mr. WILSON of Texas were appointed managers on the part of the House at the conference.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nebraska [Mr. WHERRY] to the amendment of the Senator from South Carolina [Mr. MAYBANK].

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from South Carolina as amended.

Mr. CAPEHART. Mr. President, to the amendment of the Senator from South Carolina, as amended, I offer the following amendment:

At the end of the amendment insert the following: "No ceiling shall be established on any commodity or material which does not allow for a reasonable gross margin of profit to those industries or groups affected."

Mr. President, I do not see how anyone can object to my amendment. It provides exactly for the sort of operations which should be conducted, and which I think will be conducted, under the OPA which may come about as a result of enactment of this measure.

My amendment merely provides that no ceiling shall be established on any commodity or material which does not

allow for a reasonable gross margin of profit to those affected.

Mr. President, if we adopt the amendment we are not guaranteeing anyone a profit, but we are simply calling for a gross margin of profit to the industries or groups affected.

The amendment does not apply to individual retailers or wholesalers, but it does apply to industries and groups. In other words, the amendment will do for all groups of industries in the United States exactly what will be done for the packing industry by the amendment to which we have just agreed.

I cannot see any objection to my amendment, and I think its adoption is most important.

Senators may remember that in 1946, when the original OPA Act was extended, long hearings were held, considerable debate took place in the Senate, and, finally, we worked out a formula which was based on 1940 profits, plus increases in costs, and so forth and so on.

My amendment will do that, I think, and will result in adjusted and equitable treatment for everyone concerned.

I think we should add this amendment to the amendment of the Senator from South Carolina, as amended, and should take my amendment to conference. If in conference or on the floor of the Senate anyone can show me that my amendment is not fair, just, and equitable, or if anyone can show me that my amendment is unworkable, I shall be perfectly willing to withdraw it.

However, if I were appointed tomorrow to be OPA Director—and I make this statement on the basis of my experience of many years in business—the basis provided by the amendment would be exactly that on which I would set up an OPA; the amendment provides the means by which I would wish to arrive at a ceiling.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. MAYBANK. Is the Senator's amendment to my amendment to apply at the retail level?

Mr. CAPEHART. No; it calls for a reasonable gross margin of profit to the industries or groups affected.

Mr. MAYBANK. As the Senator knows, I talked to the legislative counsel about this matter this morning and he has talked to those who perhaps know something about the operations of OPA beginning with 1942. We have considered no such amendment as that of the Senator from Indiana. The amendment we have adopted is the so-called Barkley-Bates amendment. The amendment of the Senator from Indiana would affect hundreds of thousands of items, and could not be worked.

Mr. CAPEHART. Mr. President, if the Senator will yield for a moment, let me show how the amendment would work and how the Administrator would handle it. In setting a price for the manufacturer or processor, he would take into consideration the amount of discount that the dealer or retailer was to receive, indeed, he would be forced under this amendment to do that. He would have to permit the manufacturer or processor to establish a price which would permit a legitimate, reasonable, gross margin of profit to the retailer and likewise to the wholesaler.

Mr. LUCAS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Illinois?

Mr. CAPEHART. I yield.

Mr. LUCAS. Does that mean that regardless of who he was or what business he was in, he would get a reasonable profit?

Mr. CAPEHART. No.

Mr. LUCAS. Does the Senator desire to guarantee inefficiency?

Mr. CAPEHART. The Senator from Illinois is missing the point entirely. The amendment provides for a reasonable gross margin of profit. There is nothing in it about net profit. It refers to gross margin of profit. For example, assume that a retailer pays X amount for something, and that he sells it for Y amount: the difference between what he pays for it and what he receives for it is the gross profit. That margin may be enough to show a profit, or it may likewise show a loss.

Mr. LUCAS. Mr. President, if the Senator will yield for an observation, I may say, for whatever it may be worth, that, with all due deference to all members of the committee, I can readily see where we are getting. We adopted an amendment awhile ago which I do not think should have been adopted.

Mr. CAPEHART. I disagree. I think it is a good amendment.

Mr. LUCAS. Very well. Probably the Senate will adopt this amendment. Neither of them was considered by the committee, I understand. There will be other amendments, and the first thing we know, we shall have another bill, and it will have to be debated and recommitted to the Committee on Banking and Currency in order to find out exactly what it means.

Mr. CAPEHART. Let me say that the title we are talking about, under which this amendment comes, is title IV, which the Senate Banking and Currency Committee did not consider. It never considered that title, it never held any hearings on it.

Mr. MAYBANK. Mr. President, I may say that we considered the title time and time again. We had executive hearings. The general hearings covered title IV. For instance, we asked Mr. Sawyer how things would be affected, and Mr. Baruch's testimony certainly was directed to title IV.

Mr. CAPEHART. Mr. Baruch dealt in generalities.

Mr. MAYBANK. We took his generalities and every other generality and put them into specific language.

Mr. CAPEHART. The entire hearings on this subject consisted of generalities, as the Senator will have to admit. I am not complaining about that, but merely stating that I know in my own mind that this is a good amendment, and I think it should be in the bill. It would take only about a second to adopt it. Let me say that I presume I shall be on the conference committee, since I am the second ranking minority member of the Banking and Currency Committee, and if this amendment is taken to conference and, between now and then, someone can show me that it is unworkable or that it is not fair, I shall be the first to want it withdrawn, the first to come to the floor and tell the Senate that I have made a mistake in asking for it.

Mr. MAYBANK. Mr. President, will the Senator yield for another question?

Mr. CAPEHART. I yield.

Mr. MAYBANK. I trust the Senator will not feel that I am presumptuous, and if he does not want to answer, he may decline to do so. I understood the Senator voted against the title in the committee, did he not?

Mr. CAPEHART. Yes.

Mr. MAYBANK. Was it the Senator's intention not to favor it on the floor?

Mr. CAPEHART. I have an amendment lying on the desk to be offered from the floor. I am not certain whether I shall favor it, or not; it will depend on what happens to the bill otherwise.

Mr. MAYBANK. That is the thought—to offer an amendment to the bill, here, and so forth and so on, and then move to strike out title IV of the bill. So what is the use discussing it? Why not get down to title IV and determine whether it is to remain in the bill, and, if it needs perfecting, to perfect it?

Mr. CAPEHART. I am willing to have the group of Senators now present, about half a dozen, vote on the amendment, without suggesting the absence of a quorum, if they want to do that.

Mr. MAYBANK. I cannot assume any such responsibility as that.

Mr. CAPEHART. The Senator is going to have trouble with this bill in the future, unless some such amendment to it is adopted, or unless the Administrator of OPA, if and when it comes, adopts the program we are trying to write into this bill.

Mr. MAYBANK. I am not questioning the merits of the Senator's suggestion. The Senator and I have worked together for a long time on this matter, and in adopting the amendment, inserting title IV, we did only——

Mr. CAPEHART. Why did the Senator accept the amendment regarding meat?

Mr. MAYBANK. Because the amendment, as I have tried all day long to say, was agreed to 4 years ago by Senator BARKLEY and Representative Bates. It was provided under OPA. I read the statements. This has never been studied.

Mr. CAPEHART. May I say to the able Senator from South Carolina that in 1945 or 1946 we wrote a program into the OPA bill, telling the Administrator how to arrive at ceiling prices. It was based upon 1940 profits plus an increase in cost.

Mr. MAYBANK. I understand that.

Mr. CAPEHART. All we are doing here is talking about a very simple amendment which is, I think, fair and just.

Mr. MAYBANK. It would affect 100,000 articles at least, would it not?

Mr. CAPEHART. Yes; but it would affect them as to groups and industries.

Mr. MAYBANK. It would affect every group and every industry in the United States.

Mr. CAPEHART. Of course, OPA itself affected every industry in the United States, and it affected every individual. If the Senator is thinking that the Administrator must set a ceiling on a million items—and there are more than a million in the United States—that is not true. He does it by groups. He does it by industries. We say to him that no ceiling shall be established on any commodity or material which does not allow for a reasonable gross margin of profit. Thousands of industries are affected.

Mr. MAYBANK. I wish the Senator had offered his amendment in committee, so that we might have had some hearings on it.

Mr. CAPEHART. Mr. President, I becoming a little disgruntled, when the able Senator from South Carolina keeps trying to intimidate to the Senate that we held hearings on title IV. We did not.

Mr. MAYBANK. Mr. President, it was certainly my understanding that the witnesses testified on title IV as well as on titles I, II, and III.

Mr. LEHMAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from New York?

Mr. CAPEHART. I yield to the table Senator from New York.

Mr. MAYBANK. Mr. President, I should like first to finish my statement. The Senator should read the hearings. The hearings in open session have been printed. He will find references to title IV throughout.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the able Senator from New York.

Mr. LEHMAN. It seems to me that the Senator from Indiana has referred to his amendment as a simple little amendment. It is simple in its language, but I think it would complicate matters to such an extent that the bill would become entirely unworkable. We do not guarantee profits in normal times. The amendment would require that in every industry, in order to permit or to assure a so-called adequate gross profit, there would have to be hearings, there would have to be the most intensive study. It would take weeks, if not months, to do what would be necessary.

Personally I am very sorry indeed that the very able chairman of the committee accepted the amendment relating to meat products. I think it is going to involve a very great complication and will prevent protection of the people on the one thing on which I believe they require protection. But amendment would carry the same principle through the entire gamut of production, and I think would make the bill entirely unworkable.

Mr. CAPEHART. Let me ask the Senator a few questions now that I have the floor.

Mr. LEHMAN. Certainly.

Mr. CAPEHART. Does the Senator believe that the OPA Administrator should in every instance set a price that will enable those dealing in a particular piece of merchandise to make a fair margin of profit?

Mr. LEHMAN. I know from my own experience as a merchant and a manufacturer——

Mr. CAPEHART. It would be very simple to answer my question "yes" or "no." Does the Senator think that the OPA Administrator, in setting a price, should permit a fair, reasonable, gross margin of profit?

Mr. LEHMAN. I do not think it is possible to assure a reasonable gross profit to every manufacturer and every merchant. I think it is impossible to do that.

Mr. CAPEHART. I do not think the Senator has read my amendment.

Mr. LEHMAN. I listened to it when it was being read.

Mr. CAPEHART. It provides for a reasonable gross margin of profit. That is what we must keep in mind—not a gross profit, but a reasonable gross margin of profit. What does that mean? Let us take the automobile industry. When the Price Administrator sets a price on automobiles, he must give the manufacturer a sufficient price to enable him to give the dealer a reasonable gross margin of profit.

Mr. LEHMAN. And also the retailer.

Mr. CAPEHART. The automobile dealer is a retailer.

Mr. LEHMAN. The Senator's amendment would cover the entire catalog of manufactured articles.

Mr. CAPEHART. What I have indicated is all there is to my amendment. It simply says to the OPA Administrator, "When you set a price for the manufacturer or the processor, you must set it high enough so that it will provide for every retailer and wholesaler in the United States who handles that group of manufactured goods a reasonable gross margin of profit."

Mr. LEHMAN. Mr. President, will the Senator further yield?

Mr. CAPEHART. I yield.

Mr. LEHMAN. In order to do what the Senator proposes it would mean that a study woud have to be made of the costs of every manufacturer.

Mr. CAPEHART. No; it would not require that. How would the price administrator set prices?

Mr. LEHMAN. I think he would set prices in an industry on certain facts based on an average cost and an average selling price.

Mr. CAPEHART. That is exactly what he would do under this amendment; but in doing it he would not dare to set a ceiling which would not allow for a reasonable gross margin of profit.

Mr. LEHMAN. In an industry.

Mr. CAPEHART. For the retailers and wholesalers in the industry.

Mr. LEHMAN. There is certainly a great difference between the costs of different manufacturers in the same industry, and there is a great difference in the costs of operation on the part of retailers.

Mr. CAPEHART. I agree with the able Senator; but that is a problem which the director will face under any formula he may establish. Under the pending bill the President, if he wanted to—I am sure he would not—could set a ceiling price which would absolutely deny anyone in America a margin of profit, let alone a net profit. My amendment provides that no ceiling shall be established on any commodity or material which does not allow for a reasonable gross margin of profit to the industries or groups affected.

That is the least we can do.

Mr. LEHMAN. I think we can fix a price which would cover the average cost of producing an article and the average cost of selling it. But if we are going to try to fix a price which will allow a margin for every producer, when the costs of production inevitably vary very greatly——

Mr. CAPEHART. We do not have that problem at all, under this amendment. Is it not the Senator's understanding that whoever is the administrator of the next OPA, in fixing ceiling prices, will make an effort to permit the price to be such that everyone dealing in a given commodity will make a gross profit?

Mr. LEHMAN. I do not think we can ever guarantee that everyone in an industry will make a profit.

Mr. CAPEHART. I did not say that. I am talking about the gross margin of profit. The able Senator from New York is a businessman, and he knows there is a margin of profit. That margin of profit is the difference between what something costs and what it is sold for. All I am asking is that in setting ceiling prices the President give consideration to making certain that the manufacturer or processor has a reasonable margin of profit, that the retailer has a reasonable margin of profit, and that the wholesaler has a reasonable margin of profit. We are not guaranteeing them a profit; we are not even thinking in terms of guaranteeing them a profit; we are simply saying, "Your first consideration must be that in establishing ceiling prices there be a sufficient margin of profit for the average dealer, wholesaler, or manufacturer in an industry to operate on."

Mr. LEHMAN. Even in normal times there cannot be any uniformity in the margin of profit on articles produced in the same industry by different manufacturers.

Mr. CAPEHART. Will the able Senator from New York tell the Senate how the OPA Administrator is going to establish ceiling prices under the bill as it is written?

Mr. LEHMAN. I think he will have to set an average price for an article, a staple article, let us say, which will give a sufficient margin of profit to the average producer. But he cannot do that in the case of all producers. That cannot be done in normal times, and it certainly cannot be done in abnormal times.

Mr. CAPEHART. The Senator has ably described my amendment. The only difference is that I suggest that we write it into the bill. It is not now in the bill.

Mr. LEHMAN. The Senator's amendment, as I listened to it, provides that

there shall be an adequate margin of profit for every manufacturer on every article that is manufactured.

Mr. CAPEHART. It simply provides as follows:

No ceiling shall be established on any commodity or material which does not allow for a reasonable gross margin of profit to those industries or groups affected.

The Administrator will do exactly what the Senator described a while ago, excepting that the Congress of the United States is directing him to take into consideration a reasonable gross margin of profit.

Under the bill as it is written, the administrator could establish every price in the United States—I am not saying he would do so—on such a basis that no one would make a profit.

Mr. LEHMAN. I maintain that there is no possibility of an administrator fixing a price which will provide a reasonable margin of profit for every man who is producing commodities or manufacturing articles.

Mr. CAPEHART. It is done by industries or groups. That is exactly the way it is now done.

Mr. LEHMAN. I did not interpret the Senator's amendment that way.

Mr. CAPEHART. Let me read it again:

No ceiling shall be established on any commodity or material which does not allow for a reasonable gross margin of profit to those industries or groups affected.

Mr. LEHMAN. That would cover everyone in the industry.

Mr. CAPEHART. We have to do that if we are going to put price ceilings on everything.

Mr. LEHMAN. We cannot provide a reasonable margin of profit.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART] to the amendment of the Senator from South Carolina.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now recurs on agreeing to the amendment offered by the Senator from South Carolina, as amended.

The amendment as amended was agreed to.

Mr. MAYBANK. Mr. President, the Senator from Ohio [Mr. TAFT] has two amendments which are acceptable. Let me say that we called a meeting of the Committee on Banking and Currency for 5 o'clock this afternoon, at the request of some members of the committee. In view of the fact that is the desire of the majority leader to proceed, I have sent word to the committee to tell those who are there to be kind enough to wait until the Senate takes a recess. Perhaps the Senator from Ohio is at the committee.

In the meantime, Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 44, line 17, it is proposed to strike out "average price received by producers on June 15, 1950" and insert in lieu thereof "price received by producers during the period from May 24 to June 24, 1950, inclusive." inclusive."

Mr. MAYBANK. The amendment would conform the period of time to the period used by the House.

Mr. TAFT. Mr. President, last week when I spoke on the pending bill I telephoned to Mr. Hoover to obtain his opinion on the question of controls. He had been the Food Administrator during the First World War, and he was very familiar with controls during the Second World War. Therefore I thought since we had had Mr. Baruch's opinion stated before the committee, and because Mr. Hoover had not been called, we should have his opinion as well. I should like to read the letter which I received from Mr. Hoover.

Mr. MAYBANK. Will the Senator yield?

Mr. TAFT. Yes.

Mr. MAYBANK. I merely wanted to say to the Senator from Ohio——

Mr. TAFT. The letter is very short.

Mr. MAYBANK. I merely wished to say that we were asked to have Mr. Baruch and others appear before the committee. If we had been asked to have Mr. Hoover before the committee, we would have asked him to come before us.

Mr. TAFT. I understand that it was not an intentional omission, and I did not even mean to imply any such thing. The letter reads:

THE WALDORF ASTORIA TOWERS,
New York, N. Y., August 13, 1950.

The Honorable ROBERT A. TAFT,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: I have your request for my views on the economic control legislation.

The whole subject needs a common-sense inquiry into each segment of our economy.

We are in the midst of a minor war and in the presence of a preparedness program for a dangerous general war. The Korea problem, with its requirements of two or three hundred thousand men and their arms, can be carried by our economy with scarcely a ripple. It requires but minor controls. Our primary problem is controls necessitated by the preparedness stage.

INFLATION CONTROLS

The first segment of controls is inflation pressures on prices. Certain indirect controls are needed at once: (a) prohibition of hoarding and excessive inventories; (b) drastic limitations on installment credit; (c) increase of excise taxes on nonessentials so as to discourage unnecessary buying; (d) radical decrease in certain areas of Government expenditures.

In the Federal expenditures field, if we exclude the expenditures on armed services, the debt, veterans, and social security, the costs of the other Government branches have increased by over $15,000,000,000 in 12 years. Certainly seven or eight billions of this could be stopped or postponed. Senator BYRD has pointed out that $5,000,000,000 could be saved from the increases in the last 2 years alone. The reorganization commission for reform of further executive agencies could be made to contribute to this.

PROCESSING AND COMMODITY CONTROLS

The second segment of controls in our economy is that of wages, prices, and rationing of commodities and manufacturing capacity should be approached very gingerly. All such controls tend to slacken the national effort. An examination of different parts of our commodity and processing economy will show wide differences in the necessity of controls.

The pressures of preparedness program will require some controls of materials and manufacturing which are a military necessity. Some materials will need to be allocated or priorities given. The manufacture of some gadgets will need be restricted to make way for guns. Prices will need be determined.

Fortunately in the manufacturing and transportation line, our capacity is immensely greater than at the time of Pearl Harbor. It has increased much faster than the population. Our available supplies of most raw materials of military necessity are also greater. Our steel production alone has increased about 22,000,000 tons per annum. With our host of Second World War ships, we will need much less teel. We have our synthetic rubber production. Scarcity pressure in rubber could be somewhat relieved if we put all our plants into operation. Some of the manufactures and some commodities could be controlled by cooperation with industrial managers and labor. Nevertheless, some authority is needed in these fields.

In the food and clothing segment of the economy, there is much less need of controls. We are overproducing food all along the line, and if necessary, we could still further increase production. The proof of abundance is the constant Government buying of surpluses and dumping some of the abroad at absurd prices. The Government could lower food prices at any moment it wished to. We have little shortage of clothing materials. Preparedness for the larger danger would require putting civilians in uniform, but that would not increase demands for such supplies very much in proportion to our production.

We have plenty of furniture.

We have ample resources available in oil and coal supplies for the preparedness phase.

The hoarders in these lines will sometime come to the end of their hysterical buying spree and with the slump in buying they will find lower prices.

In my view there is no occasion and much danger in all-embracing price, wage, rationing controls at the present time. Aside from their slackening effects, the surrender of freedom is hard to recover even when the controls are proved unnecessary. If experience is of any importance, it points to the fact that bureaucracy loves power and always finds excuses to use any authority given to it. Authority for some controls is required, but those controls should involve only special fractions of our economy.

The Congress should reserve the authority to act later on upon some segments. It can always act on a few days' notice.

Our greatest domestic danger at this time is shock hysteria in the public, which leads the Congress to unnecessary surrenders of freedom.

Yours faithfully,

HERBERT HOOVER.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. MAYBANK].

The amendment was agreed to.

Mr. MAYBANK. Mr. President, I send to the desk another amendment, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 43, line 24, after the word "subsection", it is proposed to insert a semicolon and the following: "but the President shall make appropriate provision to prevent hardships and inequities to sellers who have bona fide contracts in effect on the date of issuance of any such regulation or order for future delivery of materials

processed from raw materials, and particularly from agricultural commodities, in which seasonal demands or normal business practices require contracts for future delivery."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. MAYBANK. Mr. President, I have two amendments before me which the junior Senator from Ohio [Mr. BRICKER] said he was very anxious to have considered by the Senate. He may have gone to the committee meeting, and I have sent to see if he is there. I do not know whether it would be proper for me to offer the amendments.

Mr. CAPEHART. Mr. President, I send an amendment to the desk, which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 62, it is proposed to strike out line 20 down to and including line 13, on page 63.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana.

Mr. MORSE. Mr. President, may we have an explanation of the amendment?

Mr. CAPEHART. Mr. President, the amendment would delete the paragraph which starts on page 62 at line 20 and runs to line 13 on page 63. The paragraph gives a definition of the word "credit."

The intention of the committee was to control consumer credit exactly as we controlled consumer credit during World War II under what was known as Regulation W. That is provided for in the bill. It was the intention of the committee to control real-estate construction credit as affecting new construction and major renovations. I do not understand how the definition of credit got into the bill, because I do not believe the committee ever passed on it.

Mr. MAYBANK. May I ask the Senator a question?

Mr. CAPEHART. I yield.

Mr. MAYBANK. Does the Senator's amendment delete the same section which the House deleted?

Mr. CAPEHART. No.

Mr. MAYBANK. I understood the Senator was offering an amendment to delete a section in the bill.

Mr. CAPEHART. It would delete the paragraph beginning at page 62, line 20, and going over to line 13 on page 63.

Mr. MAYBANK. In substance, is that the same section which was covered by an amendment introduced in the House?

Mr. CAPEHART. I do not know.

Mr. MAYBANK. The amendment would delete a certain portion of the bill. Does the Senator refer to the same portion?

Mr. CAPEHART. I am not certain. What I am trying to eliminate is the definition of credit. If I understand correctly the unusual language, it would give the President of the United States power to control all credit. It reads:

(2) "Credit" means any loan, mortgage, deed of trust, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery.

It never was the intention of the committee to write that into the bill.

Mr. MAYBANK. The Senator is correct, so far as I know.

Mr. CAPEHART. I do not know how it got into the bill.

Mr. MAYBANK. As I remember, this is supposed to be the definition of credit for the purpose of regulating real-estate construction or reconstruction.

Mr. CAPEHART. There is a definition of real-estate construction credit just above that.

Mr. MAYBANK. The Senator is correct, but it was the purpose to provide a definition. I am wondering how we can arrange it so that it will be understood it is to apply to real estate.

Mr. CAPEHART. On page 62, at the top of the page, it says, "Real-estate construction credit," and proceeds to describe what we mean by that. Why is a definition of "credit" put in the bill?

Mr. MAYBANK. It is really tied up with the definition in the first paragraph.

Mr. CAPEHART. Then it would much better to say so.

Mr. MAYBANK. I think so.

Mr. CAPEHART. If I want to lend the Senator $10, and he is going to pay me back in three payments, under this provision I would have to get permission of the President to lend him the money.

Mr. MAYBANK. The legislative counsel advises me he does not construe it that way. It was only to define credit as it applied to real estate. On page 59 the language is:

To assist in carrying out the purposes of this act, the Board is authorized from time to time to prescribe regulations with respect to such kind or kinds of real-estate construction credit—

And so forth. On page 62 there appears a definition of real-estate construction credit, and that ought to be sufficient.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Alabama.

Mr. SPARKMAN. I call the attention of the Senator to subparagraph (d) on page 61. That is where the section relating to definitions starts. It says, "For the purposes of this section," the following terms shall have the following meanings. That relates to section 602 only, and the only kind of credit which is provided for, that is to be controlled under section 602, is real-estate construction credit. However, in discussing real-estate construction credit in section 602, subdivisions (a), (b), and (c), the term "credit" is used many times without being connected with the words "real-estate construction." Therefore, it becomes necessary on page 62, in setting out the definition, to give a definition of real-estate construction credit, which is one term by itself, and then to supplement that with a definition of credit. But both definitions relate only to section 602, which pertains only to the kind of real-estate construction credit which the Federal Reserve Board has the right to regulate. It does not in any way relate to section 601, which is the section which controls consumer credit generally.

Mr. CAPEHART. Why is it necessary to have it in the bill at all?

Mr. SPARKMAN. I wish very much that the two definitions could have been combined in some way, but the legislative counsel, on whose shoulders falls the task of drafting these measures so they will be properly defined, felt it was necessary to include both definitions. The Federal Reserve Board likewise asked that both definitions be fully set forth in exactly the way they are set forth.

If the Senator will refer to the controlling words on the bottom of page 61, he will find that they tie the definition very definitely to section 602, in a way no one could dispute.

Mr. CAPEHART. I have only one desire in the matter, and that is to make certain that the credit referred to in this title applies only to real-estate construction. After having made the record which we have made on the floor of the Senate, that it applies only to real-estate construction, I am perfectly willing to withdraw the amendment.

Mr. SPARKMAN. The Senator's assumption is exactly correct. Both the chairman and I have been advised by the legislative counsel to that effect.

Mr. CAPEHART. I withdraw the amendment.

Mr. MAYBANK. I thank the Senator.

Mr. MORSE. Mr. President, it may be very clear to the Senator from Indiana, but the discussion which has just taken place is as clear as mud to the Senator from Oregon.

There has been some discussion about regulation W. What has regulation W to do with section 602?

Mr. CAPEHART. It has not anything to do with it.

Mr. MAYBANK. It has nothing to do with it.

Mr. CAPEHART. Regulation W is described only in section 601.

Mr. MAYBANK. That relates to consumer credit.

Mr. SPARKMAN. Mr. President, I believe I was the one who brought the question of consumer credit into the discussion. I did it in this way, if the Senator from Oregon will remember. I said that the definition of the word "credit," as shown on page 62, related only to credit under section 602, which is the credit that is connected with new construction or reconstruction, real-estate credit.

I further stated that it had no connection with the type of credit which the Federal Reserve Board was authorized to regulate under section 601. I think I referred to it as "Regulation W" credit. That is what section 601 relates to.

Mr. MAYBANK. Section 601 relates to consumer credit, under the Federal Reserve Board.

Mr. CAPEHART. I may say to the able Senator from Oregon that we have to refer to Executive Order 8843, of

August 9, 1941, which gives the exact terms and the meanings of the so-called regulation W.

Mr. MAYBANK. As I have said, that relates to consumer credit.

Mr. CAPEHART. This is exactly as it was handled during World War II.

Mr. MORSE. We are not changing it?

Mr. CAPEHART. We are not changing it.

Mr. MAYBANK. We are not changing it at all.

Mr. MORSE. If I can get assurance that regulation W——

Mr. MAYBANK. We give the Federal Reserve Board the same powers to control all consumer credit that they had in World War II.

Mr. MORSE. I think that is essential.

Mr. MAYBANK. The other term, "credit," applied to real-estate credit only, because we have to divide the real-estate credit into the Government financed housing program and the privately financed program.

Mr. President, I send to the desk an amendment on behalf of the junior Senator from Ohio [Mr. BRICKER], after conferring with the Senator from Vermont [Mr. AIKEN], who has a similar amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 82, after line 13, it is proposed to insert:

> The Congress may also provide by concurrent resolution that any section of this act and all authority conferred thereunder shall terminate prior to June 30, 1952.

Mr. AIKEN. Mr. President, this amendment provides that in case any one section of the pending bill proves to be unworkable, or if the Congress feels that for any reason the authority granted by this one section should be terminated, the authority granted by the section, or the section itself, can be terminated without having to repeal the entire control legislation by concurrent action.

Mr. MAYBANK. It is really a clarifying amendment.

Mr. AIKEN. It seems to me to be an essential amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. MAYBANK] for the Senator from Ohio [Mr. BRICKER].

The amendment was agreed to.

Mr. WHERRY. Mr. President, will the Senator yield for a question about another part of the bill?

Mr. MAYBANK. I should like to have another amendment acted on first. I send to the desk an amendment which I offer on behalf of the junior Senator from Ohio [Mr. BRICKER].

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On lines 7 and 8 of page 67 it is proposed to strike out the words "without limitation" and insert in lieu thereof the words "not limited to."

The PRESIDING OFFICER. Is that amendment offered by the Senator from South Carolina?

Mr. MAYBANK. That is the second amendment the Senator from Ohio [Mr. BRICKER] asked the chairman of the committee to offer for him.

The PRESIDING OFFICER. Let us get the situation straight. How many amendments has the Senator from Ohio?

Mr. MAYBANK. Two.

The PRESIDING OFFICER. The other amendment offered by the Senator from South Carolina for the Senator from Ohio was agreed to.

Mr. MAYBANK. Yes.

The PRESIDING OFFICER. The amendment just read is the second amendment offered by the Senator from Ohio.

Mr. MAYBANK. Yes. I offer it on behalf of the junior Senator from Ohio.

The PRESIDING OFFICER. Is there objection to the second amendment offered on behalf of the Senator from Ohio?

Mr. WHERRY. Mr. President, I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. WHERRY. Mr. President, I should like to ask the chairman of the committee a question. The old act dealing with a similar subject provided a penalty for a seller who violated the law.

Mr. MAYBANK. Yes.

Mr. WHERRY. Is there any penalty provision in the bill which applies to a buyer?

Mr. MAYBANK. No; not for buyers for personal use or consumption. We have done away with any penalty for such buyers.

Mr. WHERRY. The way it has been done away with is that the buyer can recover in damages if he is overcharged, and the seller can be penalized, if he violates the law, by a fine of not to exceed $10,000. Is that correct?

Mr. MAYBANK. The fine is not to exceed $10,000 and, of course, a jail sentence is also provided for.

Mr. WHERRY. All cases against violators of the law can be brought in the district court of the United States, can they not?

Mr. MAYBANK. That is my understanding.

Mr. WHERRY. So the district court of Nebraska would be available to try a Nebraska violator?

Mr. MAYBANK. Yes.

Mr. WHERRY. It would not be necessary to bring him to the court in the District of Columbia.

Mr. MAYBANK. The Senator is correct.

Mr. WHERRY. That applies with respect to the violation of any order or any regulation in the whole act? Is that correct?

Mr. MAYBANK. To the best of my knowledge it does so apply.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. WILLIAMS. Do I understand correctly that there is no penalty provided in the bill for the buyer of a product who pays more than the ceiling price for the product?

Mr. CAPEHART. The penalty is only against the seller.

Mr. MAYBANK. So far as I know there is no penalty against the consumer.

Mr. WILLIAMS. Does that apply also if the buyer happens to be buying for resale? For instance, if a dealer goes into the country and buys produce from a farmer over the ceiling price, does that mean that the buyer is clear and the farmer is subject to the penalty?

Mr. MAYBANK. He is subject to the penalty if he resells anything at above the ceiling price.

Mr. WILLIAMS. No; I mean there is no penalty against the buyer?

Mr. MAYBANK. The man who buys and resells at a price above the ceiling price is subject to the penalty.

Mr. WILLIAMS. I am speaking about a penalty provision against one who buys at a price over the ceiling price.

Mr. MAYBANK. There is no penalty provision on buying?

Mr. WILLIAMS. Is there no penalty against the city merchant who goes to the farm and pays over the ceiling price for produce? The penalty is entirely against the farmer who sells above the ceiling price. Is that correct?

Mr. MAYBANK. No, there is a penalty against such a transaction.

Mr. WILLIAMS. Where in the bill can I find any penalty against the merchant who buys produce at a price above the ceiling price?

Mr. MAYBANK. At the end of title IV.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. LONG. As a practical matter, if we make the buyer subject to any sort of a penalty, then the buyer cannot prosecute the seller without himself being prosecuted. If the buyer was subject to a penalty in case a sale were made over the ceiling price, and he were subject to penalty, there would be no incentive for him to bring an action against the seller, if he himself, the buyer, were put in jeopardy by so doing.

Mr. MAYBANK. If the Senator from Delaware will be good enough to turn to page 47, section 405, and read that section, he may find that it answers his question.

Mr. WILLIAMS. The point I am raising is this: A rather unpleasant situation arose in my State during the last war. A couple of produce dealers from Newark, N. J., came to Delaware and bought produce from a farmer. The farmer drew 60 days in jail and $1,000 fine, because the transaction involved a price over the ceiling price, whereas the produce merchants were given a negligible $25 fine each. It seems to me that in a situation of that kind equal guilt exists in the buyer and the seller.

Mr. MAYBANK. Let me read section 405:

> It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material, service, or property, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing.

I think that pretty well covers the situation.

Mr. WILLIAMS. Then I understand correctly that the buyer is equally guilty?

Mr. MAYBANK. That is the way I construe that language.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. WHERRY. Does the Senator mean that the section provides that an action can be instituted against the buyer the same as against the seller? I do not understand the language in that way.

Mr. MAYBANK. The language is:

> It shall be unlawful * * * for any person * * * to buy or receive * * * in the regular course of business * * * in violation of this title—

And so forth. I do not imagine that an individual who bought some apples above the ceiling price which he took home to his family where the apples were eaten, or were cooked, would be subject to the penalty. But anyone who bought apples and resold them at a price above the ceiling price would be guilty, as well as the seller, under the section I read. That is the construction placed upon it by the legislative drafting clerk.

Mr. WILLIAMS. I may say that in my opinion he who buys for resale at above the ceiling price should be held to be equally guilty with the man from whom he buys.

Mr. MAYBANK. Yes; he should be, and that is what the section provides.

Mr. WILLIAMS. That is what I wanted to be sure about; that equal guilt is placed on the buyer and on the seller.

Mr. MAYBANK. If an individual who did not know the ceiling price on a product should buy it above the ceiling price, and if he was not in business and did not resell above the ceiling price, he would not be subject to the penalty. But the legislative counsel advises that according to section 405, when a transaction is made at above the ceiling price, both the seller and the buyer for resale are subject to the penalty provision, which is a jail sentence and not to exceed $10,000 fine, or both.

Mr. AIKEN. Mr. President, is there an amendment pending before the Senate at the present time?

The PRESIDING OFFICER. The Senator from South Carolina, as the Chair understands, has an amendment to offer.

Mr. MAYBANK. No, Mr. President. The amendment was agreed to. I offered an amendment on behalf of the junior Senator from Ohio, which was adopted.

Mr. AIKEN. That is my understanding.

I now call the attention of the Senator from South Carolina to page 74, beginning in line 18, as follows:

> SEC. 710. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that act.

Does the Senator from South Carolina, the chairman of the Banking and Currency Committee, believe that that paragraph would perhaps be strengthened by saying that "the President is authorized to place positions and employ persons temporarily in grades 16, 17, and 18"?

The reason I make that suggestion is that at the termination of World War II there was a great deal of difficulty in tearing down grades and salaries to fit the positions commensurate with peacetime activities. It seems to me if the President is authorized to employ persons in these grades temporarily that, while it might not avoid the same difficulty of job competition and resistance to cutting salaries and grades down to size, it certainly would demonstrate the intent of the Congress.

Mr. MAYBANK. I may say to the Senator from Vermont that I feel as he does about the necessity for economy, and I am not one who believes in employing persons at big salaries for a long time unless they are necessary. The testimony before the committee by Secretary Sawyer and others showed the absolute necessity for obtaining the proper kind of persons to administer the act, if we ever have to use it. I see no objection to inserting the word "temporarily." The committee did not consider that. So far as I am concerned, I see no objection.

Mr. AIKEN. Mr. President, on page 74, line 20, after the word "persons", I offer the amendment to insert the word "temporarily", unless there is some good reason for not doing so. It seems to me that we might as well avoid a great deal of trouble in advance.

Mr. LONG. Mr. President, if the Senator will yield, let me say that it occurs to me that, although the measure now provides a cut-off date of 2 years, nevertheless of course in the event further emergencies developed, it would be possible to extend the period of operation of the act.

In reference to the amendment proposing the insertion of the word "temporarily," I wonder how long the Senator would have the period of application continued. If the need for the program continues over a long period and if throughout that period it is necessary to pay higher salaries in order to obtain the services of persons qualified to operate the program, it seems to me this provision should apply longer than "temporarily."

Mr. AIKEN. I would say that the word "temporarily" would not apply to the cut-off date.

Mr. MAYBANK. Of course, the Congress could cut off this program in 2 weeks' time, if that proved to be desirable.

I am hopeful that provision will be made for continuing the program for 2 years, because, after all, at any time we shall have the power to cut off the program—even within 2 weeks' time. If the emergency in Korea and elsewhere were to terminate suddenly, the Congress could end this provision of law within 2 weeks.

Mr. AIKEN. Mr. President, I do not see how insertion of the word "temporarily" would handicap the operation of the law.

Mr. LONG. What would such an amendment mean?

Mr. AIKEN. It would mean that in our efforts to control the situation which ended following conclusion of World War II, by the employment of persons competent to serve in higher positions, we would not make it possible for such persons to resist having their positions cut back to the peacetime size of those positions, once the emergency terminated.

Of course, during wartime it is necessary to elevate such persons in rank and to make their jobs more attractive generally, in order to make it possible for the Government to obtain the services of persons of the requisite ability. It should not be necessary to do so; the exact size of the salary offered should not make any difference in a person's willingness to serve his country in time of need.

I understand that considerable difficulty was experienced in reducing such jobs to their peacetime size, at the end of the war.

Mr. President, if there were any legitimate objection to this amendment, I am sure the conferees would be informed of it; and in that case I would have no objection to having the provision changed to the way it reads now.

However, it seems to me that my amendment will enable us at least to attempt to avoid some of the difficulties we experienced at the end of World War II.

Mr. MAYBANK. Mr. President, I have no objection to the amendment, unless there is objection by Senators on the other side of the aisle.

Mr. AIKEN. Mr. President, I offer the amendment.

Mr. MAYBANK. May the amendment be stated?

The PRESIDING OFFICER. If the amendment is in writing, it will be read by the Clerk.

Mr. MAYBANK. I understand that the Senator from Delaware wishes to ask a question of the Senator from Vermont.

The PRESIDING OFFICER. Unless the Chair is mistaken, the Senator from Vermont has the floor.

Mr. MAYBANK. He yielded the floor to me, I believe.

Mr. AIKEN. I do not know, Mr. President.

Mr. MAYBANK. Of course, it makes no difference.

Mr. AIKEN. Mr. President, the amendment calls for inserting, on page 74, in line 20, after the word "persons" the word "temporarily."

The PRESIDING OFFICER. The amendment is not in writing, is it?

Mr. AIKEN. No; I am offering the amendment from the floor. I cannot conceive of any objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Vermont to the committee amendment on page 74, line 20.

Mr. AIKEN. Mr. President, I think it is the shortest amendment which will be offered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Vermont.

The amendment was agreed to.

Mr. WILLIAMS. Mr. President, will the Senator yield for a question?

Mr. MAYBANK. I yield.

Mr. WILLIAMS. Was any estimate made of the number of persons who will be needed under the classifications rereferred to in section 710?

Mr. MAYBANK. No.

Mr. WILLIAMS. Is there any way by which that can be determined?

Mr. MAYBANK. I do not think so. If titles IV or V are deleted, the situation will be entirely different as regards the number of persons required to be employed to administer the act.

Mr. WILLIAMS. Is the Senator from South Carolina of the opinion that some ceiling should be placed in regard to employment, so as to prohibit the hiring of all the employees under one classification?

Mr. MAYBANK. Oh, yes; I have always been of the opinion that in the case of large agencies, the number of employees should be limited. As chairman of the committee, when the bill is passed by the Senate and goes to conference, I would ask Mr. Symington and Mr. Sawyer to submit an estimate of the number of employees they would expect to have, and I should be glad to submit that information for the CONGRESSIONAL RECORD.

However, that information cannot be obtained now, because we do not know in what form the bill will be passed.

Mr. WILLIAMS. Will the Senator from South Carolina obtain the information in regard to the employment necessary to be had under the various titles of the bill, and insert that information in the RECORD?

Mr. MAYBANK. No; because Mr. Symington and Mr. Sawyer do not know now in what form the bill will be passed. After the bill has been passed and is in conference, it will be in conference for some time, and during that time I shall be able to get the information the Senator requests. I would not wish to ask Mr. Symington and Mr. Sawyer to commit themselves about something which has not yet been determined. However, I assure the Senator that I shall make a point of consulting Mr. Symington and Secretary Sawyer and any others who may be involved, once the bill is in conference; and then I shall report to the Senate the information the Senator from Delaware has requested.

Mr. WILLIAMS. But by that time it will be too late.

Mr. MAYBANK. However, we cannot obtain that data now.

Mr. WILLIAMS. Cannot the Secretary of Commerce give us an estimate now as to the number of employees required for the operations under the various titles of the bill as reported by the committee, assuming that the bill as reported by the committee is passed, and also an estimate of the number of employees required if we strike from the bill, when we pass it, titles II, III, IV, and/or V?

Mr. MAYBANK. We would never know until the President put on the standby controls.

However, I shall be only too glad to join the Senator from Delaware or any other Senator in having as few persons as possible employed and in making the administration of the act as economical as possible, and in cutting the size of the operations and of the funds available for the operations under the act to the minimum size possible, the smallest size with which the act can be administered.

Certainly I do not believe in having an excessive number of employees placed on the government payroll. After all, I have never been a great admirer of much of the operation of the Civil Service system.

Mr. WILLIAMS. However, the bill as it now stands would provide wide-open authority, insofar as employment is concerned.

Mr. MAYBANK. Of course; but we cannot say now how many persons the President will employ under this measure, when we do not yet have the bill passed or a conference report on the bill.

I would not wish to ask such questions of Mr. Symington or the Secretary of Commerce, because to do so would be entirely futile.

Mr. WILLIAMS. Nevertheless, it seems to me that it is ridiculous for us to consider making certain provisions when we have no estimate of the number of employees who would be required under those provisions.

Mr. MAYBANK. Of course in the committee bill we have provision for separate selective price controls, although the House has not voted to include such provisions in the bill it has passed. Suppose the President were to place selective price or allocation controls on other commodities. If he did, a larger number of employees would be required. We cannot guess about that situation.

Let me say that I do not mind writing a letter in regard to the matter about which the Senator from Delaware inquires, if the Senator wishes me to do that; but I do not see what good it would do.

Of course, the Appropriations Committee must pass on these matters, insofar as the pay of Government employees is concerned. However, when the Congress passes measures calling for additional employees, the Appropriations Committees usually vote to report appropriation bills providing the necessary funds.

Nevertheless, of course, if the Senator wishes me to do so, I shall be glad to write to Secretary Sawyer, as chairman of the committee, and request that information. However, the Secretary of Commerce cannot state how many thousands of employees will be required, if he is unable to tell whether there will be operations in every county of the United States or whether there will be selective operations.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. MORSE. I wish to invite attention to section 706 on page 71, and I should like to refer to the colloquy had a few minutes ago between the Senator from South Carolina and the Senator from Nebraska [Mr. WHERRY]. I wish to be sure that I correctly understand that colloquy.

It is my understanding that the Senator from South Carolina said to the Senator from Nebraska, in effect, that all orders and decisions issued by any tribunal under this measure would be subject to review and appeal before any district court of the United States, anywhere in the United States.

Mr. MAYBANK. I did not understand it that way, Mr. President. They would be restrained or enjoined only in the Emergency Court.

Mr. MORSE. Then I respectfully submit that the Senator from South Carolina and the Senator from Nebraska are miles apart, on the basis of the answer the Senator from South Carolina gave to the Senator from Nebraska.

Mr. MAYBANK. As I recall, the Senator from Nebraska was talking about overcharges by persons who violate the law, insofar as prices are concerned.

Mr. WHERRY. Mr. President, I asked the question, during the course of the colloquy between the Senator from Oregon [Mr. MORSE] and the Senator from New York [Mr. IVES]—I think it was on last Friday—as to which court would have jurisdiction of the regulations and violations. I understod from the distinguished Senator from New York [Mr. IVES] and also from the distinguished Senator from Oregon [Mr. MORSE] that the court which would have jurisdiction would be the court set up under the act. Is that correct? I understand it is the Emergency Court of Appeals.

Mr. MAYBANK. To determine the constitutionality of regulations.

Mr. WHERRY. That is exactly what I understood the Senator to say.

Section 706 states:

> The district courts of the United States and the United States courts of any territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this act to enforce any liability or——

Mr. MAYBANK. Criminal liability.

Mr. WHERRY. Perhaps. Very well. That is a little different from what I thought it was. At any rate the district courts are limited to civil actions——

Mr. MAYBANK. Criminal and civil.

Mr. WHERRY. Civil and criminal actions with respect to liability for violations of the regulations and orders, is that it?

Mr. MAYBANK. That is correct—to enjoin them.

Mr. WHERRY. What about the labor violation? It refers to violations on the part of employer or employee, and to disputes.

Mr. MAYBANK. So far as the labor sections are concerned, we have the national labor relations laws and the so-called Taft-Hartley law. It refers very particularly to it in one section.

Mr. WHERRY. What court would have jurisdiction? Where would the

complaint be filed to institute prosecution? I do not want to be too technical, but I raise the point which the Senator from Oregon has raised.

Mr. MORSE. Mr. President, I take the floor for 2 or 3 minutes in my own right, and out of a motivation to be helpful to the committee. I want to make a very few brief remarks tonight on section 706. I shall discuss it at considerable length later on in the week, if we are unable to work out what I think is a very much needed revision of this bill in respect to the review powers.

Mr. MAYBANK. Mr. President, will the Senator yield to me for a statement?

Mr. MORSE. I yield, if I do not lose the floor.

Mr. MAYBANK. I can readily understand, I believe, what I think is in the Senator's mind with reference to certain sections of the bill. Before the Senator came in, I had advised Senators that we were calling a meeting of the committee for 5 o'clock, but we wanted to get through with a few uncontested amendments before we met. The Committee on Banking and Currency was to meet in the Appropriations Committee room, and the committee is meeting now. While I do not want to leave, because I should like to be enlightened by the Senator from Oregon, who knows so much about these matters, yet I should like to be able to go to the meeting, and I will read with interest what the Senator has to say about it. I think the Senator has in mind something we are going to discuss tonight in our executive meeting.

Mr. MORSE. Mr. President, I intend to use not more than 5 minutes in calling attention to something I think the Senate, and particularly the committee, must keep in mind before this bill is finally acted on by the Senate. It is that an economic control bill is not worth the paper it is written on, unless it is workable and capable of accomplishing its objectives. If it has imbedded within it procedures that assure its unworkability, then I think we should eliminate such procedures before the bill is passed. I respectfully submit this bill, in its present form, is so unworkable for accomplishing its purposes in respect to mobilizing the economy and producing a uniformity of action across the country that I most respectfully and sincerely express to the committee the hope that it will reconsider the bill from the standpoint of its procedure.

The Senator from South Carolina may think that section 706 applies only to criminal matters, but if he will reread the section he will see that it is a blanket section. Let me read it:

> The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this act to enforce any liability or duty created by, or to enjoin any violation of, this act or any rule, regulation, order or subpena thereunder—

And so forth. Mr. President, I do not know how a lawyer could set about writing a section in a bill that more clearly gives to the district courts of the United States the power of review over the administration of this act than does section 706. We should keep in mind that the primary purpose of this kind of economic legislation is to help with the successful prosecution of the war. That is the purpose. It calls for action and uniformity of action. Believe me, Mr. President, it will be impossible to obtain action if the orders which are issued under this bill are to be subject to review by all the district courts of the United States. I think we must assume that these standby powers, if the international situation becomes serious enough, will be implemented and put into effect, and their implementation is going to call for the setting up of an administrative tribunal for pricing boards, for rationing boards, for an allocating board, and for labor boards. Unless I completely misunderstand the purpose of the bill, it is going to call for the setting up by the President of the United States, through such Executive orders as he may decide to issue in conformity with the spirit, intent, and purpose of the bill, of whatever agencies of government may be necessary to take jurisdiction over segments of our economy and to mobilize them for the war effort.

As a lawyer, Mr. President, I know how easy it is for lawyers to argue that in a situation such as that, we ought to grant the district courts of the Nation the power to review, to code, and to enjoin, if necessary, the decisions of these tribunals as they affect businesses, unions, and individuals within the jurisdiction of the court. No Member of the Senate will defend that power of judicial review in peacetime more than will the junior Senator from Oregon. But war is a different thing. When we are at war, Mr. President, the rights and liberties of each one of us must be subject to the common good and to the common emergency. We cannot have the lack of uniformity which is inherently breathed into this section and which is an inevitability if it stands in the law.

I illustrate what I mean by making the assumption that in the face of this international crisis the President decides by Executive order, which I think this bill would authorize him to issue, to establish a war labor board. To do what? To carry out what I assume will come to pass by way of an agreement, namely, an agreement on the part of American industry and labor, as in the last war, that they will not settle their differences by economic action during the emergency or the war, but will settle their differences through a no-strike-no-lockout agreement, with both sides submitting their issues to the War Labor Board for determination. The strength and effectiveness of that Board is going to be in the uniformity of its policies applied across the country without discrimination. Consider some of the problems which confront that Board. Let us take the manpower problem of pirating, for example. One of the great problems which confronted us in World War II was the attempt on the part of certain employers to pirate away from other employers who were doing essential work for the war effort the men they sorely needed in community X and moving them into community Y. There were some instances of pirating in the same labor market. It so happens in time of war that extraordinary powers have to be vested in the tribunals. Believe me, Mr. President, if we gave to a district court the power which I think is inherent in section 706 of the bill, the War Labor Board would very soon become prostrate and ineffective.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MORSE. I should like to finish my point, and then I shall be glad to yield.

It would find its decisions and policies tied up in half a dozen district courts.

I could paint a picture, Mr. President, of what would happen to labor morale in this country, or what would happen in the field of industrial labor. Instead of having no-strike-no-lockout agreements, we would be confronted overnight with strikes across the Nation, because, after all, we have got to have a Board with the power, under Executive order, to apply uniform labor policies during a national emergency.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. SPARKMAN. Mr. President, I may say to the Senator that at this very moment the Senate Banking and Currency Committee is in executive session. I am the only member of that committee left on the floor, and I have been excused from attending the meeting in order to remain here. The committee is meeting for the purpose of perfecting an amendment aimed at the very thing the Senator has so clearly pointed out, namely, the manner in which orders or transactions of the Labor Board, or Labor Disputes Board, or whatever it may be called, might be tied up. Representatives of the interested departments and agencies came to see us today and said they had made a slip in the drafting of the bill. They have proposed an amendment, and the committee is in session at this time considering it.

Mr. MORSE. Mr. President, that being the case, I shall suspend the discussion until I see the amendment. I would add only this point, however, that I hope it is not an amendment that narrows its application only to the tribunal that will handle labor cases, because I think the same principle applies to economic mobilization in fields other than industrial labor cases.

Do not misunderstand me, Mr. President. I am not saying there should not be a review; I am saying that the review must be channelized, in my judgment, through a special court or through special courts which will follow a uniform policy for the period of the emergency. We cannot have one rule in regard to prices in Kentucky, the State from which the Presiding Officer comes, another rule in Oregon, and still another rule in Nebraska, because that kind of lack of uniformity would have a tremendous effect upon the morale of the American people. Of course, it would

result in legalistic tactics on the part of selfish interests which are not always, I regret to say, willing to give evidence of their inclination to subordinate their selfish interest for the common good in the most effective prosecution of the war.

Therefore, Mr. President, I want this bill very carefully scrutinized from the standpoint of the enforceability of the decisions and orders to be rendered under it, because if the procedure permits an emasculating or weakening effect of the orders, we may as well not have any bill at all.

Mr. SPARKMAN. Mr. President, will the Senator further yield?

Mr. MORSE. I yield.

Mr. SPARKMAN. Of course, I appreciate the remarks which the Senator from Oregon has made regarding a careful study of the bill. I admit that we all need to study it in order to know what is in it. It is a bill which is rather complex in its many provisions, but it is a bill to which the committee has given a great deal of attention.

In his study of the procedure of the courts, I wish the Senator from Oregon would include section 408, which commences on page 50 and ends on page 54 of the bill. I particularly invite his attention to that part of subsection (d) which is on page 54, in which we give to the emergency court of appeals and to the United States Supreme Court exclusive jurisdiction over certain things, namely, to test the constitutionality of the act. We felt that by establishing that requirement, we would obtain uniformity.

The other matters referred to under section 706 relate to both criminal and civil actions which may be brought against individuals. The power of injunction, the power to stay, and the power to restrain are given in section 706. The Government may go into the judicial system wherever a violation of the act is about to be committed and get an injunction against the person so as to restrain the doing of an unlawful act.

I do not know whether I misunderstood the Senator from Oregon or the Senator from Nebraska with reference to section 706, but I do not see that there could be any objection to the jurisdiction conferred by it. It does not mean that a person could be dragged from one district into another district and prosecuted, or made answerable to a damage suit. It is laid down according to regular rules of procedure. The court has criminal jurisdiction where the violation occurs. The court has civil jurisdiction where the defendant lives. That is according to the usual, everyday procedure. It relates not to a test of the constitutionality of the act, or regulations or orders that are issued under the act, but to the trial of criminal violations and civil suits for the awarding of triple damages, and to enjoin a violation of the act. I believe we ought to keep in mind very clearly the two distinct sections, namely, section 408 and section 706.

Mr. MORSE. I wish to call the attention of my very good friend from Alabama to the fact that section 408, at page 50 of the bill, to which he has called my particular attention, and especially subsection (d) on page 53, deals, as he points out, only with the procedure for testing the constitutionality of the act.

Mr. SPARKMAN. Or the validity of a regulation or order under the act.

Mr. MORSE. As to its constitutionality.

Mr. SPARKMAN. And the validity of its issuance.

Mr. MORSE. If that be true, section 408 is inconsistent with section 706, and it is impossible to reconcile it with section 706. A reading of section 706 clearly shows that it is sought there to provide for a test of the constitutionality of the act through an emergency court.

That is one place where I do not believe there is a need for an emergency court in which to test the constitutionality of the act. Constitutionality can be tested in any Federal court, and one can go from there to the Supreme Court. That is one question as to which we need least of all an emergency court. It is the type of problem which would come under section 706 in which uniformity is needed, in which it is necessary to watch out for diversity, and in which it is necessary to avoid an undermining of administrative bodies which have been given a war job to do. We must constantly keep in mind the fact—and this is what so many people do not like to admit—that whenever there exists a cause which justifies this kind of administrative set-up peacetime procedures simply must go by the board for a while, particularly with reference to legal delays and technicalities which may require months to do by before it is possible to get a test of the question whether a labor board, rationing board, allocation board, or pricing board was right in an order such a board issued with respect to Mr. X, Mr. Y, or Mr. Z. Time simply does not permit of the luxury of that kind of procedure in wartime. Section 706 applies to the validity of these decisions.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MORSE. Yes.

Mr. SPARKMAN. That kind of action could not be brought under section 706. It would have to be brought under section 408. Section 706 permits the Government to start, first, criminal prosecutions and, second, civil suits. For what purpose? For the recovery of triple damages and for the purpose of restraining or enjoining a violation of a rule or regulation. The validity or constitutionality of the act, or of any regulation or order cannot be tested under section 706. I do not think the Senator from Oregon would say that if a person who lives in a remote part of his State of Oregon were to violate the act, and the Government wanted an injunction issued against him, the Government ought to go into the district court or an emergency court of appeals sitting in Washington, or a district court sitting in a remote State, and start an action against the man, instead of going into the district court in the State of Oregon in the district in which the man lives. That is all that section 706 provides.

Mr. MORSE. I am very glad to have the assurance of my very good friend from Alabama as to what he thinks section 706 provides. I wish to tell him here and now that in my humble opinion he is dead wrong as to the legal effect of section 706, and that he is dead wrong about a very elementary principle, too, of legal procedure in his assumption that section 706 gives to the government a unilateral right in a district court and denies to a citizen the right to press his claim against the Government. The Senator had better wake up if he thinks that is what the section provides. He will wake up very early in the administration of the act to find he is wrong, because a district court will say the language is clear:

> The district courts of the United States and the United States courts of any territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this act or any rule, regulation, order, or subpena thereunder.

If a labor board had handed down a decision in a union maintenance case, for example, in the State of Oregon, I would not hesitate for a moment to argue befort the district court in Oregon that I wanted the court to hear my case in regard to an injunction which was sought to be issued against my client under such order of the board. I do not think the court would throw me out on any such contention as the Senator from Alabama has advanced, namely, that section 706 applies only to the Government, and not to my client. If that is what the committee had in mind, the language can be changed. However, the language is not in the bill at the present time. I submit that section 408 makes perfectly clear that the committee intended the emergency court to be the channel through which an early testing of the constitutionality of the act could be had. Apparently that is what they had in mind. Therefore there is no point in carrying on the colloquy except to say that I think the sections are as clear as mud. Furthermore, if they are capable of the interpretation I have made of them, they ought to be qualified at an early hour.

Mr. SPARKMAN. Mr. President, will the Senator yield before he yields the floor?

Mr. MORSE. I yield.

Mr. SPARKMAN. I wish the Senator would follow the section very closely with me.

Mr. MORSE. Which section?

Mr. SPARKMAN. Section 706. I am as completely convinced of error on the part of the Senator from Oregon as he seems to be convinced of error on my part. Legislative counsel, who draft bills——

Mr. MORSE. I have known them to be wrong many times.

Mr. SPARKMAN. This was a matter of discussion in committee, and we were assured that our interpretation was correct. I should like to invite the Senator's attention to the fact that this section follows almost word for word the

language which was contained in the wartime act. I said a short time ago that jurisdiction was limited to the Government under section 706. I wish to make one exception to that statement. The individual citizen has the right to sue for triple damages, but that is the only right that is given him in the section.

Mr. MORSE. The chairman of the committee told us that provision had been taken out.

Mr. SPARKMAN. Perhaps the Senator did not understand the chairman's full answer, or the chairman did not answer the question fully. It is in the section, but the limitation is $10,000. No one fine shall exceed $10,000.

Mr. MORSE. That was not the answer the Senator from Nebraska received.

Mr. SPARKMAN. Regardless of that, I am sure that if the Senator from South Carolina made the statement referred to, this is what he had reference to, because we inserted a limitation of $10,000 as the amount which could be added to the triple damages.

Mr. MORSE. The Senator from South Carolina, in answer to a question by the Senator from Nebraska, stated that triple damages were out of the bill, and in their place an aggrieved party could initiate an action, a buyer from a seller, to recover the loss that was sustained in the overcharge, with provision of not to exceed a $10,000 fine if he could substantiate his claim.

Mr. SPARKMAN. The statement of the $10,000 limitation is correct, but the damages up to that point may be triple damages.

Mr. WHERRY. I should like to know exactly whether that is the situation.

Mr. SPARKMAN. Mr. President, if the Senator from Oregon will yield, I should like to call the attention of the Senator from Nebraska to page 55, subsection (c), of section 409, which reads:

If any person selling any material—

And so forth—

in any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based—

Provided it is not more than $10,000.

I am sure the Senator from South Carolina had that in mind when he said it was out. It is in, with the limitation of $10,000. He meant that it was out in excess of that amount.

Going back to section 706, if the Senator from Oregon will follow me, it is provided:

The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this act or any rule, regulation, order, or subpena thereunder.

It shall have jurisdiction of violations of any one of those things, in criminal cases arising because of the violation by any party of any provision of this act, any rule, any regulation, any order, or any subpena issued thereunder.

Mr. MORSE. Oh, the Senator overlooked the little word "or."

Mr. SPARKMAN. It says "of this act."

Mr. MORSE. "Violations of this act, or."

Mr. SPARKMAN. I said that.

Mr. MORSE. The Senator said it, but he did not give the proper interpretation to it when he said it. The moment we say "violations of this act", we give the district courts jurisdiction over the offenses set out, and it cannot be changed unless we get rid of the word "or", or insert language which makes clear what we are trying to do. I should like to have a debate with the Senator on the power to do it, but let us assume there is the power to do it, that we have the intention of giving to the district courts jurisdiction over violations and rules and regulations which some tribunal subsequently set up under the act, about which we do not know at the present time, might wish to enforce against a citizen or corporation or partnership within a State for violation of some decision of one of those tribunals, but the bill does not say which.

Mr. SPARKMAN. Mr. President, does not the Senator understand that the force of the word "violations" continues with each one of those coordinate words?

Mr. MORSE. What the Senator from Oregon is saying is that the first use of the word "violations" in the bill vests in the courts jurisdiction over the tribunals as well as over individual defendants who may be brought before the court by tribunals for violations of some rule or regulation of the tribunal.

I respectfully submit that this section is subject to the interpretation of some district court, that when the Congress writes into the act the first part of the section prior to the word "or," it gives to the district courts jurisdiction to pass judgment in review upon the decision of a pricing board, or labor board. I think our dispute is a dispute over terminology. If the language employed does not express the intention, the language can be modified, and if the committee is modifying it downstairs at this time, that is fine.

Mr. SPARKMAN. I desire to make it clear that the conference downstairs relates only to labor features.

Mr. MORSE. Then they are doing only part of the job.

Mr. SPARKMAN. The purpose is specifically to take out orders which may be issued in connection with wage-and-labor disputes.

Mr. MORSE. I see no reason why some special procedure should be set up for labor and not for the other problems.

Mr. SPARKMAN. Mr. President, I think I know, from the discussion we have had here, that we have the same thing in mind. The committee is reinforced by the legislative counsel, by the legislative experts who came to us from the Department of Commerce, and from the National Security Resources Board, and we are reinforced by our own staff members, that the wording here is proper and correct to accomplish the purpose we have in mind. If the Senator from Oregon or the Senator from Nebraska can offer language which will, in their minds, make it clear that what we want done will be done, I see no objection to it.

TEXT OF STATEMENT BY MINORITY MEMBERS OF FOREIGN RELATIONS COMMITTEE ON FOREIGN POLICY IN EUROPE AND ASIA

Mr. KNOWLAND. Mr. President, I ask unanimous consent that there be printed in the body of the RECORD the text of the statement issued by the minority members of the Senate Committee on Foreign Relations.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

We, minority Senators of the Foreign Relations Committee, herein expressing our individual views, pledge our full support to the national effort to build strength for victory. We pay tribute to the heroism and sacrifice of our fighting men in Korea. To be worthy of them we must, above all, face the future with faith, realism and courage.

In this spirit and in discharge of our duty under the American two-party system to scrutinize relentlessly the basic facts of America's position in the world, we set forth:

I, an analysis of the events of 1945 which today bear so directly on America's present world position;

II, an analysis of the crucial events which began in 1947; and

III, our recommendations for future action.

I. 1945

The major tragedy of our time was the failure and refusal of American leadership in 1945 to recognize the true aims and methods of the rules of Soviet Russia. To this failure can be traced the disintegration of our armed forces in 1945, which would not have occurred if the need for retaining adequate forces had been explained to the American people, and the senseless destruction of billions of dollars worth of military equipment which the United States and its friends so desperately need today.

To this failure also can be traced the blindness of our leadership in ignoring the Communist attempts to capture the minds of men. We missed the opportunity to broadcast to the world our democratic doctrine of the dignity of man as the spiritual rallying-point for all freedom-loving peoples.

By this failure we lost the initiative and the influence for peace which we had won by force of arms and by virtue of our historic pioneering in the evolution of democracy.

To this failure adequately to understand the Soviet mind and purposes the major troubles of the world today are due, notably the following:

1. The disastrous consequences of the Big Three conferences at Yalta and Potsdam in 1945. From these conferences stemmed the weakening of the United Nations; the Communist capture of eastern Europe and of China; and the unfolding disaster in the Far East—all of which were accentuated by subsequent administration policy.

2. The partition of Germany, whereby the western border of the Russian zone was drawn apparently so as to include many of the best military locations in Western Germany. Added to this is the arrangement whereby Berlin became an island, completely surrounded by Russian territory, without any adequate assurance of the right of access by land.

3. Our failure vigorously to build strong American armed forces and early to take adequate measures, such as helping to build

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 14 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. WILLIAMS (for himself and Mr. SCHOEPPEL) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: On page 76, between lines 8 and 9, insert the following:

(e) Chapter 15 of title 18 of the United States Code is amended by adding at the end thereof the following new section:

"§ 292. Whoever, being an officer or employee of the United States or any department or agency thereof (including any Member of the Senate or House of Representatives

or of the Armed Forces of the United States), shall speculate directly or indirectly on any commodity exchange, or shall knowingly publish or disclose any information designated by the President as confidential for the purpose of aiding any other person so to speculate, shall be fined not more than $10,000 or imprisoned not more than one year, or both. As used in this section, the term 'speculate' shall not include a legitimate hedging transaction, or a purchase or sale which is accompanied by actual delivery of the commodity. The President shall designate as confidential any information which would give any person an undue advantage in trading on any commodity exchange." Notwithstanding the provisions of section 716 of this Act, this subsection shall continue in effect after June 30, 1952.

On page 82, line 9, after the word "shall" insert a comma and the following: "except as otherwise provided,".

Calendar No. 2251

81ST CONGRESS
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S. 3936

AMENDMENTS

Intended to be proposed by Mr. WILLIAMS (for himself and Mr. SCHOEPPEL) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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81st CONGRESS
2d Session

S. 3936

IN THE SENATE OF THE UNITED STATES

August 14 (legislative day, July 20), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. Williams (for himself and Mr. Schoeppel) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 76, between lines 8 and 9, insert the following:

(e) Section 284 of title 18 of the United States Code is amended by adding at the end thereof the following new subsection:

"(b) Whoever, having been employed in any department or agency of the United States (including the Armed Forces of the United States), within two years after nego-

tiating or participating in the negotiation of any contract on behalf of the United States or any department or agency thereof, shall accept employment with any other party to such contract shall be fined not more than $10,000 or imprisoned not more than one year, or both."

Notwithstanding the provisions of section 716 of this Act, this subsection shall continue in effect after June 30, 1952.

On page 82, line 9, after the word "shall" insert a comma and the following: "except as otherwise provided,".

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENTS

Intended to be proposed by Mr. WILLIAMS (for himself and Mr. SCHOEPPEL) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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81st CONGRESS
2d Session

S. 3936

IN THE SENATE OF THE UNITED STATES

August 14 (legislative day, July 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. Dworshak to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: At the end of the bill insert the following new section:

Sec. 717. Nothing in this Act shall be construed to authorize the creation of a Columbia Valley Administration or Columbia Valley Authority or any agency for the purpose of developing or administering the waters of the Columbia River or its tributaries.

8-14-50——C

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. DWORSHAK to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 14 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

for such legislation as it may deem advisable, to the Senate at the earliest practicable date but not later than January 15, 1951.

SEC. 3. For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to employ upon a temporary basis such technical, clerical, and other assistants as it deems advisable, and is authorized, with the consent of the head of the department or agency concerned, to utilize the services, information, facilities, and personnel of any of the departments or agencies of the Government. The expenses of the committee, under this resolution, which shall not exceed $5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

Mr. LANGER. Mr. President, I may say that the shortage of cement is very acute. We are unable to get any cement in the northwestern part of the United States. When I discussed the matter with the Senator from Iowa [Mr. GILLETTE], who is chairman of a subcommittee investigating increases in prices, he said his committee had no authority to go into the subject. Therefore I am submitting the resolution to give the subcommittee authority to investigate cement.

The VICE PRESIDENT. The resolution will be referred to the Committee on Banking and Currency.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Virginia [Mr. ROBERTSON], which will be stated.

The LEGISLATIVE CLERK. On line 1, page 45, after the words "specified above", it is proposed to insert: *"Provided,* That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing."

Mr. WHERRY. Mr. President, may I inquire whether the amendment has been printed?

Mr. ROBERTSON. It has been printed. It was submitted last week. It is amendment lettered "W." The language was copied from the former OPA law, and it is incorporated in the House bill. While it is somewhat in line with the amendment offered by the Senator from South Carolina [Mr. MAYBANK], as amended by the Senator from Nebraska, which was adopted yesterday, it covers processing of all farm products. The provision was contained in the law last year, and it is contained in the House bill this year.

Mr. WHERRY. Is this the amendment regarding which I engaged in colloquy with the distinguished chairman of the committee?

Mr. MAYBANK. It is.

Mr. WHERRY. There is nothing in the amendment pertaining to producers?

Mr. ROBERTSON. It contains only what was in the law.

Mr. WHERRY. I have no objection.

Mr. ROBERTSON. I can argue the amendment if there is any need for me to do so.

Mr. WHERRY. I am in favor of the amendment.

Mr. ROBERTSON. I wish to make a short supplemental statement. After the distinguished Senator from Indiana [Mr. CAPEHART] made his proposal on yesterday I planned to offer an amendment relating to a prohibition against requiring grade labeling, and had a provision relating to it drawn up. However, this morning I find that the Senator from Ohio [Mr. BRICKER] had an amendment dealing with grade labeling, which is in exactly the form in which I had proposed to offer an amendment. He has submitted the amendment at a more appropriate place in the bill than it would have come under my proposed amendment. Therefore, I shall not offer my amendment. I shall support the amendment when offered by the Senator from Ohio.

I closing, I wish to emphasize what the chairman has already stated, namely, that he has no more requests from the Democratic side to speak on the bill, and so far as I know there are no further requests from the Reupblican side to speak on the bill.

Mr. WHERRY. Did the Senator say there were no requests from the Republican side to speak on the bill?

Mr. ROBERTSON. The chairman had no requests from the Democratic side to make a general speech on the bill. So far as I know he has had no requests from any Republican Member to make a general speech on the bill.

Mr. MAYBANK. I should like to have an opportunity to say a word with reference to the subject. No one on the Democratic side had requested any further time to speak on the bill, and no further request had come from the other side of the aisle when recessed the Senate on Friday afternoon at 3 o'clock. At that time we could not get any additional speakers. This morning the distinguished Senator from Nebraska said the Senator from Massachusetts [Mr. LODGE] wanted to speak on it today, but there had not been anyone else who had asked him for time to speak on the bill.

Mr. WHERRY. Mr. President, that is exactly correct, but I do not want the impression to be created that there will not be requests for a chance to make speeches on this side of the aisle, on the bill, or the amendments to it, because I know there will be before the bill is passed.

An amendment is being framed, I think, regarding court procedure, a question which was brought up last night by the distinguished Senator from Oregon [Mr. MORSE]. Possibly that amendment will be so framed that it will be satisfactory, or an explanation will be made.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MAYBANK. We never discussed amendments which are to be proposed. I merely made a general speech on the bill.

Mr. WHERRY. That is correct, and possibly other general speeches are to be made, as they have been made.

Mr. MAYBANK. That is correct.

Mr. WHERRY. But I submit that when all the amendments to the committee amendment which have been offered by the distinguished chairman and other Senators, such as the distinguished Senator from Virginia, have been acted on, and when we start in with the amendments being offered from the floor—already I have counted 29, and many of them are not printed—some speeches may be made.

Mr. ROBERTSON. Mr. President, I wish to repeat what I previously stated. The chairman of the committee has received no requests for opportunity to make general speeches on the bill, and, so far as I know, up to this time, he has received no requests as to general speeches on the Republican side. I did not mean to intimate that there would not be speeches on the Republican side. As a matter of fact, I heard this morning that a movement was under way to put off action on the bill until some time next week.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. WHERRY. That did not come from the Republican side of the aisle. I am speaking for the Republican side now. The Republican side is ready to proceed with the bill, and we are ready to try to enter into a unanimous consent agreement which will be acceptable to the Members of the Senate. The Republicans in Congress wanted to have an explanation of the bill; we have had a fine explanation of it, and the prevailing sentiment has been that we should proceed in as orderly a manner as possible and try to have an early disposition of the bill. I am satisfied that the distinguished junior Senator from Ohio [Mr. BRICKER], who has charge of the bill for the minority, will verify that statement.

Mr. BRICKER. Mr. President, if the Senator will yield, what the Senator from Nebraska has said is accurate.

Mr. MAYBANK. If the Senator will permit me, the Senator from Nebraska told me he would like to finish the consideration of the bill as soon as possible. When do Senators think we can reach an agreement?

The VICE PRESIDENT. The Chair suggests that the Senator from Virginia has the floor.

Mr. ROBERTSON. If my colleagues will permit me to finish the brief statement I am going to make, I shall then yield the floor.

Mr. WHERRY. I do not care for the floor, but the distinguished Senator from Virginia made some observations which I want the RECORD to show, so far as our side of the aisle is concerned, do not represent the feeling on this side. I say that with all kindness to the distinguished Senator. I am satisfied that if the Senator will stay with us, and we quit talking and go to voting, that will

be the quickest way to make progress on the bill.

Mr. ROBERTSON. I agree with that. I did not make any charges against the Republican side, or against anyone in particular. I merely said I heard a rumor today that a movement was under way to prevent a vote on the bill this week. I certainly heard the rumor. I am glad to have the assurance of the distinguished minority leader that that did not originate on his side of the aisle.

I wish to emphasize that yesterday, after I had made a little plea that business be expedited, and that speeches be confined to the bill, at least one-third of the time was spent in a discussion of our relations with China, and of course that is important; a discussion of the Mundt-Ferguson bill, and of course that is important; and discussion of some other questions which were of importance. A good deal of time was consumed during which we could have been acting on amendments.

When we met this morning the proceedings were opened with an interesting discussion of the Korean war; and of course that is important.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. WHERRY. The discussion on the Korean war was started by a Senator on the other side of the aisle yesterday.

Mr. ROBERTSON. I could not control it, but I certainly do not commend those who inject any extraneous issues into the consideration of the pending question.

Mr. President, the pending bill is an important measure. As I said on yesterday, time is of the essence. This is a war measure, we need it enacted now, and we should act on it as soon as possible. We are met with delays, first one thing and another. A little while ago there were 18 or 20 Senators present. Then the number dropped down to 14, and now it is down to less than 12, perhaps less than 10. It is difficult to know, with all the amendments pending, when we are going to debate them and finish them.

Mr. President, I have already observed a movement on the part of everyone who is going to be affected by the bill to come forward and push an amendment in our faces, saying, "Take care of me with this amendment." If this matter is strung out for an unnecessary length of time, we are going to have amendments from every source, from every factory, that is being affected with a plea to insert some provision that will take care of them. If we yield to those pleas, we will have to vote on amendments which have not been studied by the committee, on which we have not had expert advice, and if we adopt many of them, we will fulfill the prediction made on the floor of the Senate yesterday that we will get the bill in such shape that the Senate will be forced to recommit it to the committee in order to find out what the bill means.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield to the Senator from Nebraska.

Mr. WHERRY. I am not sure what amendment the Senator from Virginia is talking about, but certainly he does not want to foreclose Members of the Senate from offering constructive amendments which they feel will strengthen the bill.

For example, the junior Senator from Nebraska offered an amendment yesterday which I think is very helpful, so far as the meat industry is concerned. I have an amendment which I am going to offer to the bill on page 77. The reason why I have not offered it was because I wanted to talk to the Senator from South Carolina to see if he would not offer it, or join with me in offering it. It is an amendment to provide that if the bill goes into effect with voluntary agreements, after the military has taken its supply the civilian distribution will be made through the normal channels of trade. That is not in the bill.

I state to the distinguished Senator from Virginia that the greatest trouble that arose in connection with the last OPA law was that those who had lost their source of supply because of orders of the OPA had to look elsewhere for it, and when they did, they had a very difficult time obtaining their supplies.

Mr. President, I think the amendment is a good, constructive amendment, and I hope it will meet the approval of the Members of the Senate. I am sure the Senator from Virginia would like to have an amendment like that offered so as to make the bill as good a measure as possible.

Mr. ROBERTSON. So far as I am concerned, as an individual member of the committee, I welcome any amendment calculated to improve the bill, because I frankly admit that the bill is not perfect. We did not have a chance to make it a perfect bill. The committee in the House did not hear any witnesses except Government witnesses, and we were approached with the statements such as this, "Rubber is going up, lumber is going up, sugar is running out in the retail stores. Why don't you do something?" The committee tried to consider the bill, so far as we had a chance to, and after the administration leaders had given us what they considered to be a rather carefully prepared bill, we heard the testimony of Mr. Baruch. The country responded. I do not have to tell my colleagues how the country responded to his plea for over-all controls. Then we were forced into the consideration of that question.

Now we have pending before us amendments to strike out titles IV and V. What boots it to stay here amending title IV if we are to strike it from the bill? I do not see why we cannot have an early vote on either striking title IV from the bill or leaving it in the bill. That title involves a matter of general policy on which I assume Members of the Senate have already made up their minds. They either want the stand-by powers with respect to price, wage and rationing controls at the retail and consumer level, or they do not want them. The House did not want them and did not put them in the bill.

Mr. WHERRY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. ELLENDER in the chair). Does the Senator from Virginia yield to the Senator from Nebraska?

Mr. ROBERTSON. I yield.

Mr. WHERRY. Of course, what the Senator from Virginia says about an early vote is true. But I am sure he will agree with me that the theory on which the Senate must proceed is for Senators to offer amendments to the committee amendment, which is the bill before the Senate. When the bill is perfected, possibly amendments may be offered to titles IV and V. If we should have an early vote on either title IV or title V without the perfecting amendments having been acted upon, some Senators might not vote for the bill itself. Certainly the Senator from Virginia will agree with me that the orderly procedure is to offer amendments to the committee amendment, which is the Senate bill. The committee amendment is the bill itself, and if there are any perfecting amendments to be offered to titles IV and V, they should be offered now. I do not know that any Senator is going to offer any further amendments than those which have been offered to titles IV and V. I have three or four minor amendments which I think will help clarify the bill. I am satisfied the Senator from Virginia will agree that they are constructive amendments, whether he is for them or not.

Mr. ROBERTSON. Mr. President, disclaiming any intention to level any criticism at any individual, or at any specific amendment, or at any particular procedure, but merely reiterating my earnest hope that we may proceed to consider the bill and vote on it at as early a moment as possible, I hope we can vote on the amendment I have offered, which was a part of the old law and is a part of the House bill, and which, I understand, the chairman of the Committee on Banking and Currency is willing to accept.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Virginia [Mr. ROBERTSON].

Mr. MAYBANK. Mr. President, the Senator from Virginia made the statement that I was willing to accept the amendment. I do not feel that I can accept any amendment unless the committee meets again and considers it. The committee held a meeting last evening. At that meeting the committee voted 9 to 0 to accept certain amendments. Several Senators have asked me to accept amendments they wish to offer. I made the statement last night that if we amend the bill by accepting amendments offered by every Senator who has an amendment to offer we will get nowhere. I do not believe we can legislate OPA rules on the Senate floor. I appreciate the amendment the Senator from Virginia has offered. At the meeting of the committee held last evening one of the amendments considered was that offered by the Senator from New York [Mr. IVES]. We discussed the amendment fully, and it was agreed that we should accept it as a committee amendment. I agreed to such action.

I make no criticism of my good friend, the Senator from Virginia, or of the

minority leader, but if we accept an amendment here and another amendment there we will be swamped with amendments. We cannot legislate on the Senate floor. None of the amendments were brought before the committee during the 2 or 3 weeks it was in session. I admit that yesterday we adopted an amendment which was the language of the old Barkley-Bates bill passed in 1946. It will go to conference. Of course, the Senator from Virginia has a right to call for a vote on his amendment. But the conference committee will have to consider the various amendments and make a report.

The Committee on Banking and Currency made an extensive report respecting what we thought ought to be done about free enterprise and voluntary controls. The Senator from Nebraska has spoken on that subject. The Senator from Ohio [Mr. BRICKER] has an amendment which would turn over all the controls to the Secretary of Commerce. I think that amendment is wrong. I think it was the sense of the committee that the subject of voluntary controls on steel should be left for decision to the Secretary of Commerce. But I do not think any voluntary controls that might be necessary in connection with commodity exchanges and others should be left to decision by the Secretary of Commerce. Certain types of voluntary controls should be left with Secretary Brannan and others who know more about the matters involved than does the Secretary of Commerce. I am sure that Secretary of Commerce Sawyer knows more about steel and control agreements with respect to steel than anyone else, because he has had to deal with such matters before. The other amendments, however, are so complicated that I hesitate to accept any of them.

I may say to my friend from Virginia that I believe much of the work of writing the bill is to be done in the free conference and in the report the free conference committee will make. We cannot accept amendments dealing with lumber, sheep, and hogs and and a great variety of other commodities. We can legislate only respecting the over-all picture on the floor of the Senate.

Mr. President, I hope I have not offended my friend from Virginia by my statement.

Mr. ROBERTSON. Oh, no; Mr. President, the Senator from South Carolina certainly has not offended me. If I have by anything I said indicated that I felt that way, I withdraw the statement.

As a member of the committee of the Senate having the bill under consideration I have offered an amendment which I believed to be a good amendment, the language of which was in the law during the last war. If any Member of the Senate is opposed to it I have not heard him say so. I ask for a vote on my amendment.

Mr. LANGER. Mr. President, has the Senator from Virginia yielded the floor?

Mr. ROBERTSON. I have yielded the floor, but I hope I can secure a vote on my amendment.

Mr. LANGER. I want the floor in my own right, Mr. President.

Mr. ROBERTSON. I have yielded the floor.

PRICES—HOARDING—SHORTAGE OF BOXCARS

Mr. LANGER. Mr. President, I am somewhat startled to hear my distinguished friend from Virginia say that everything is going up, butter, metals, cement, wire, lumber—that everything is going up, and he wants haste to be made in passing the bill. I ask my distinguished friend, What has the Democratic Party been doing ever since and during World War I? World War I came on, and 72,000 new millionaires were created. Everything went up and up and up in price, and the party in power did nothing permanent about it. Not one single law is upon the statute book dealing permanently with the subject of increase in prices. Where has the responsibility to the people of the United States been ever since 1933? Then under the Democratic administration we got into another great war—World War II. We turned over millions and millions of dollars to the Department of Justice and thousands and thousands of lawyers were put upon the payroll, lawyers who were good at drawing up any kind of legislation the Democratic Party wanted. Where are laws providing against hoarding or the upping of prices to farmers and laborers and other consumers, Mr. President? There are none.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. LANGER. I shall not yield now. I did not interrupt the distinguished Senator, and I do not yield now.

This is the record of the Democratic Party. We come into the Korean situation without one single law upon the statute books against hoarding or the charging of outrageous prices to consumers. As my distinguished friend from Virginia said, everything is going up and up and up. After 17 years of Democratic rule, with two world wars having occurred, no legislation has been passed during all the intervening time. The Senator now comes in and overnight he suddenly wants laws passed that are going to control the situation.

But, Mr. President, not only is food going up in price, but in the Northwest we cannot obtain cement. That is why I submitted a resolution a while ago. I shall present another resolution dealing with an investigation of the shortage of box cars. Some 3 or 4 years ago I submitted Senate Resolution 185, and under the leadership of the late Senator Reed, of Kansas, we had a thorough investigation of the subject of box car shortage. In that investigation we found that millions and millions of bushels of wheat and flax and other grains were piled up throughout the Northwest.

Mr. President, I have received a telegram under date of August 10, 1950, as follows:

FARGO, N. DAK., *August 10, 1950.*

Hon. WILLIAM LANGER,
United States Senate,
Washington, D. C.:

Harvest beginning in North Dakota. Large percentage elevators still carrying large bushelage 1949 crop. Railroads serving State way short of their car ownership. Almost impossible to get cars for loading. American Association Railroads not allotting enough cars to this area. Unless situation relieved much grain will be on ground.

R. F. GUNKELMAN.

That telegram is signed by R. F. Gunkelman, one of the outstanding elevator men of North Dakota.

Mr. President, I took up this matter with the various authorities. After talking it over with Mr. King and the man in charge of the allocation of railroad cars, I sent the following telegram to Mr. Gunkelman:

AUGUST 11, 1950.

R. F. GUNKELMAN,
Fargo:

Reurtel: Interstate Commerce Commission advises situation critical but North Dakota getting their share. They have assured me we will continue to have a fair percentage of the box cars available. Understand military preference takes up some of these. Let me know if situation doesn't improve. Regards.

LANGER.

This morning I received the following letter:

DEAR SENATOR: Your telegram came in this afternoon. The information that the Interstate Commerce Commission gives sounds good but has absolutely no bearings on this situation.

If North Dakota was getting its fair share of cars our western railroads would have 100 percent of ownership on line. The Great Northern, Northern Pacific, and Soo Line own a considerable number of boxcars that would give our farmers the service that they are entitled to during the harvest period.

Mr. President, I may add that other States—Minnesota, Kansas, South Dakota, and Montana—are in exactly the same situation that North Dakota is in. After I received those messages I made an investigation; but all I got from the Interstate Commerce Commission was one excuse after another. They say the situation is so critical that they do not know of anything they can do about it, and that the elevator companies and farmers will simply have to get along as best they can.

The letter from Mr. Gunkelman continues, as follows:

After the harvest is over with, then the percentage of these cars could move on to the eastern railroads and be used there, but it is absolutely ridiculous and indefensible that the Great Northern, Northern Pacific, and Soo Line be under 70 percent of ownership, and that is the report that we have today, while eastern railroads are way above that ownership. The American Railway Association is today hiding behind the alibi of military needs. We have checked into this situation and taken the total number of cars now being used for military purposes and with these subtracted from what our roads are entitled to it would still give us a 91 or 92 percent of ownership. This is a situation that needs attention as most of our elevators are now practically plugged and with the present car situation the large percentage of North Dakota's crop will have to be on the ground when harvest gets under way.

Neither the Interstate Commerce Commission nor the American Railway Association has a leg to stand on in their contention that we are getting a fair share of the car supply, as this is not true and the Northwest public is getting fed up with the kind of treatment we have received the past few years.

Mr. President, I ask unanimous consent that the letter be printed in full at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FARGO, N. DAK., *August 11, 1950.*

Hon. WILLIAM LANGER,
United States Senate,
Washington, D. C.

DEAR SENATOR: Your telegram came in this afternoon. The information that the Interstate Commerce Commission gives sounds good but has absolutely no bearing on this situation.

If North Dakota was getting its fair share of cars our western railroads would have 100 percent of ownership on line. The Great Northern, Northern Pacific, and Soo Line own a considerable number of boxcars that would give our farmers the service that they are entitled to during the harvest period. After the harvest is over with, then the percentage of these cars could move on to the eastern railroads and be used there, but it is absolutely ridiculous and indefensible that the Great Northern, Northern Pacific, and Soo Line be under 70 percent of ownership, and that is the report that we have today, while eastern railroads are way above that ownership. The American Railway Association is today hiding behind the abili of military needs. We have checked into this situation and taken the total number of cars now being used for military purposes and with these subtracted from what our roads are entitled to it would still give us a 91 or 92 percent of ownership. This is a situation that needs attention as most of our elevators are now practically plugged and with the present car situation the large percentage of North Dakota's crop will have to be on the ground when harvest gets under way.

Neither the Interstate Commerce Commission nor the American Railway Association has a leg to stand on in their contention that we are getting a fair share of the car supply, as this is not true and the Northwest public is getting fed up with the kind of treatment we have received the past few years.

With best personal regards, I am,

Very sincerely yours,

R. F. GUNKELMAN & SONS,
By R. F. GUNKELMAN.

Mr. LANGER. Mr. President, I hold in my hand a newspaper published at St. Paul, Minn. It is the Farmers Union Herald of August 7. The large headline on the first page is: "Boxcar shortage worst in years."

I am sorry there are not on the floor of the Senate at this time more Senators who only a short time ago were voting to give so much money to foreign countries. I wish to call attention to the fact that we have manufactured thousands upon thousands upon thousands of boxcars and have shipped them to one foreign country after another. The investigation made under my resolution showed that we shipped boxcars by the thousands to those countries.

The article on that subject appearing in this newspaper, the Farmers Union Herald, is typical of articles in many of the other newspapers in that area of the country. I shall submit the entire article for printing in the CONGRESSIONAL RECORD, but at this time I wish to call particular attention to the following portions of it:

While there are more cars than at the start of World War II, more than one-third of them are more than 25 years old. For the 2 years ending in June 1949, American railroads built 38,295 boxcars. In the same period, however, they junked 62,518. That left us with about 20,000 boxcars less than we had 2 years ago. And that is what is going to make the boxcar situation acute for farmers in the Northwest this fall.

Railroads themselves have estimated that it would take 10,000 new cars a month for a long period of time to build up essential facilities.

But they say that they have not got the money. At least two of the Nation's mammoth insurance companies, with millions in their vaults, have offered to build up to 100,000 boxcars and lease them to the railroads.

The insurance companies say that the rentals would give them a better return than their present investments. But so far the railroads have not taken to these proposals.

The net result is a serious lack of sturdy boxcars at a time when the Nation is in sore need of them.

Mr. President, I ask unanimous consent to have the entire article printed at this point in the RECORD, as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BOXCAR SHORTAGE WORST IN YEARS

With movement of the Northwest grain harvest close at hand present indications are that the shortage of railroad boxcars this year will be the worst in many years.

Some country elevators already are reported plugged and many others may be before many weeks have passed. Farmers who want to move redeemed loan grain to clean out their bins for the new crop are going to find it tough going. And country elevators that want to move grain into the terminal markets are going to find boxcars are scarce as hen's teeth.

The American Association of Railroads will have a hard time explaining the shortage in view of the actual facts. There will be the old excuses that boxcars are in the Southwest hauling winter wheat or that they are in the East hauling war supplies. Those were the excuses when the situation was serious in the past. The association only recently stated that "it is anticipated that boxcar requirements for the spring wheat area will be taken care of satisfactorily." But a simple obscure statement like that does not actually produce boxcars.

The plain fact is that there are not enough boxcars to handle the Nation's needs.

While there are more cars than at the start of World War II, more than one-third of them are more than 25 years old. For the 2 years ending in June 1949, American railroads built 39,295 boxcars. In the same period, however, they junked 62,518. That left us with about 20,000 boxcars less than we had 2 years ago. And that is what is going to make the boxcar situation acute for farmers in the Northwest this fall.

Railroads themselves have estimated that it would take 10,000 new cars a month for a long period of time to build up essential facilities.

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The insurance companies say that the rentals would give them a better return than their present investments. But so far, the railroads have not taken to these proposals.

The net result is a serious lack of sturdy boxcars at a time when the Nation is in sore need of them.

Mr. LANGER. So, Mr. President, we have another result of incompetency on the part of the Interstate Commerce Commission and another record of incompetency on the part of the Democratic administration. Apparently the farmers of every country in the world are being taken care of, except the farmers of the United States. When we had the investigation under Senate Resolution 185, the Interstate Commerce Commission and the Democratic administration had full notice of what the farmers in the Northwest had to do. I remember that at those hearings the distinguished Senator Capper rose and pleaded for more boxcars. I remember that when that meeting was held under the leadership of the late Senator Clyde Reed, we got the promise of the Interstate Commerce Commission to take care of the boxcar-shortage situation. That meeting was attended by more than 500 persons, including representatives of all the large farm organizations and representatives of one railroad commission after another. At the meeting was Mr. J. Monroe Johnson, who at that time was in charge of transportation in the United States of America, and now is a member of the Interstate Commerce Commission. However, instead of getting the improvement that an administration which had at heart the welfare of the farmers of the Northwest would have brought about, we have had a situation which has deteriorated from that time until now, until today the situation in respect to boxcars is that we have 20,000 less boxcars than we had during World War II.

Mr. President, as I say, I am submitting the resolution. I do not know how much good it will do. If we cannot get into public offices for which the salaries were raised, a short time ago, men who will do the job, instead of going to parties, how can we expect to obtain results and get the job done?

Where has Mr. Brannan been, Mr. President; where has the Secretary of Agriculture been? Why has not he been on the job, to get the farmers the needed boxcars?

So, Mr. President, I rise today to bring this matter again to the attention of the Senate, as I have done time and time and time again in the past, when I have brought it to the attention of the Members of this body and also to the attention of the various public officials who have charge of moving the crops out of the Northwest.

Mr. President, every time a farmer has to pile up his grain it means that he sustains a loss. After World War II the Commodity Credit Corporation owned thousands of steel bins. What was done with them? The Government sold them; it got rid of them. What is the result? The farmer hauls his grain from the threshing machine and is told, "We cannot store it." He has to sell it, and it is bought as cheaply as it can possibly be purchased. The farmer finds that he cannot store his grain. At least, Mr. President, that was the situation at the time we conducted our investigation, and I do not think there has been any improvement from that time until this. So, Mr. President, instead of the farmer being able to store his grain and hold it for a higher price, he has to take what he can get for it on the very day he hauls it.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FIFTH REGIMENTAL COMBAT TEAM SPEARHEADS OFFENSIVE; ALLIES CLOSING TRAP ON NAKTONG FOE

(By Peter Kalischer)

WITH THE FIFTH REGIMENTAL COMBAT TEAM, KOREA, August 9.—Hawaii's Fifth Regimental Combat Team gained another 3 miles along the southern road from Mason to Chinju tonight in its second consecutive night attack.

The dusty doughboys, who had been stalled for 2 days in wilting heat smashed along the road Tuesday night for six bloody miles, then added three more Wednesday.

The Fifth plunged forward and Corp. Lorrin F. Thurston, 21, and I attempted to catch up with the front lines on a hazardous jeep ride. Our mission: To deliver some hot food to front-line officers; their first in 3 days.

By the time we got to the front, the "I will try, sir," regiment had spearheaded the American drive six rugged miles past the jump-off of their southern drive and was still pushing ahead.

The units from Hawaii had launched one of the few American night attacks and by dawn Wednesday had captured their first objective—a ridge west of Chingdong and north of the Chinju-Masan road.

The combat team's executive officer, his face gray and his hair powdered with Korean dust, wearily pointed to a situation map and said:

"We are pushing and they are backing up. They blew the tracks off two marine tanks this morning with the first mine field we have run into—and I think they were our own captured mines. The boys dug up the rest of them with bayonets."

Just then a husky, broad-shouldered corporal came up, saluted, and announced he would be on his way to a forward position with some warm food for Lt. Col. John L. Throckmorton, Kansas City, Mo. It was Corporal Thurston, son of president and general manager Lorrin P. Thurston, of the Honolulu Advertiser.

I hitched a ride on his jeep, balancing a pot of tepid coffee on one knee.

"Got to get this to the colonel," Thurston explained as we bounced along. We drove west along the road from Chingdong.

A quarter of a mile along we came upon seven naked Korean men and one woman with a dress on, sitting and squatting on the road. The woman sat apart from the others. They were prisoners taken in the morning action and, as is customary, stripped of all clothing.

A harassed-looking lieutenant standing over them called out to us, "Hey, take over here, will you? I don't know what in hell to do with these characters. The one on the ground is supposed to have a broken hip."

"Sorry, sir, got to take this chow to Colonel Throckmorton," replied Corporal Thurston, who is a determined young man.

We drove on as the lieutenant began searching for another GI to stand guard. We passed the tread of one of the mined tanks lying like a shedded snakeskin on the right side of the road. And then another tank askew in a ditch. Nearby a dead Korean soldier lay with his fists clenched and arms upthrust in rigor mortis.

A convoy going east swirled by with headlights on under a burning sun and a cloudless sky. The lights were necessary to cut through the 30-foot wall of choking dust that stirred up.

Half a mile further, we passed a still smoldering Korean village. A blue-glazed china bowl lay miraculously unshattered in the middle of the road.

As we came around the bend, we were waved to a halt by an excited GI in a parked jeep.

"Snipers on the road ahead," he shouted. Thurston pulled his jeep behind a mud wall and we got out.

"Colonel Throckmorton wants to get his chow but we might as well have some of it, too," the unconcerned young corporal said. We opened up a pot full of meat and poured ourselves some coffee. As we ate, we relaxed and talked, despite the nearby snipers.

Thurston said his unit had been in the line for 6 days, long before the main body of the Fifth Regimental Combat Team had been committed. He had spent four of them running ammunition to forward positions.

"These North Koreans fight funny," he said as he sipped his coffee. "They keep coming at you. You can blast them with 50-caliber machine guns but they still come—across the paddies or up the hills. The main idea is to have enough .50-caliber ammunition to finish them off."

Behind us to the north, a few mortar shells began to fall. Pfc Edward Timmerman, Philadelphia, Pa., drove up in a jeep and parked next to Thurston's. Timmerman said a platoon of the fifth was in trouble behind a ridge on the north road and had called for heavy mortar support. I noticed his bandaged left hand.

"A sniper bullet went right through it yesterday," Timmerman explained. "Didn't hurt at all."

Mortar fire—friendly or enemy—began to crump closer to our position. Thurston suggested that we would be safe up the road with Colonel Throckmorton.

"These guys can't hit anything, anyway," he added.

We jumped into the jeep and barrelled the last 500 yards in where a group of officers, including Twenty-fifth Division Commander Maj. Gen. William Kean, were standing on the lee side of a medium tank.

Corporal Thurston presented the now cold chow to Colonel Throckmorton and I gave him the coffee.

"This is the first so-called hot meal I've had in 3 days," Colonel Throckmorton commented.

The colonel said General Kean was jubilant over the progress the Hawaiian units were making. Throckmorton crossed his fingers and added:

"Things are going damn good. I hate to say it because we may be kicked back tomorrow, but we've got the enemy rolling. He is losing his communications and we are pressing him."

As Thurston and I started back along the road, we came upon a column of marines preceded by three tanks.

Some of the leathernecks were riding the tanks, others were slogging in time-honored doughfoot fashion along the side of the road.

It was a long trip just to deliver lunch. But Throckmorton and all the others with him deserve all the favors anyone can do them.

Mr. KNOWLAND. I also ask unanimous consent to have printed in the RECORD at this point in my remarks an article from the Honolulu Star-Bulletin of August 11, 1950, relative to Marines who have been activated in Hawaii to participate in the Korean situation.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

OAHU MEN LEAVING TODAY, SATURDAY—200 ACTIVATED MARINE RESERVES GOING TO CALIFORNIA FOR DUTY

Hawaii's activated Marine Corps Reservists are heading for the mainland today and Saturday—for the second time in 6 weeks.

Company D, Thirteenth Infantry Battalion, which reported for active duty last Friday, received orders Thursday to leave for the west coast, according to a Pacific Fleet Marine Force spokesman.

About 100 men are to leave today abroad two planes. Another group of about 100 will leave by plane Saturday.

Some members of the company, which had a total strength of about 250, have been assigned to duty here.

GOING TO CALIFORNIA

The group of 200 is presumably going to Camp Pendleton, Calif., for further training. Less than 2 months ago, Company D completed a 2-week training period there.

How long the men will be in training this time was not disclosed, nor was it known here whether the marines will return to Hawaii after their training, either individually or as a unit.

It is expected the company may be split up and assigned to regular Marine Corps units.

Mr. KNOWLAND. Also, Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks an editorial which appeared in the Washington Evening Star of August 12, 1950, entitled "We Need These Two States."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WE NEED THESE TWO STATES

While there is some doubt whether the Eighty-first Congress will approve statehood for Alaska and Hawaii, there is no doubt whatsoever that such approval would be given if the Senate gets a chance to vote on the two bills now pending.

The House has approved these bills by large majorities. Unlike the situation which prevailed in the Eightieth Congress, when the bills were bottled up in the Committee on Interior and Insular Affairs, both bills have received the approval of that committee this time and are on the Senate Calendar. Whether they will be taken up depends on Senate leadership, and the decision there will rest on whether taking them up threatens too long a delay enforced by a minority of opponents.

It seems to the Star that everything that can be done should be done to get these bills up in the Senate and to obtain the vote which will eliminate the last barrier to statehood for these Territories, ready, anxious, and able to become full-fledged members of the Union. The opposition to statehood does not stand up against the affirmative evidence gathered in countless investigations, and the distinguished array of opinion lined up in favor of statehood. The opposition is based on fears which are not sustained by demonstrable facts and on considerations that have become outdated with time—such as "noncontiguity" and the lack of means of self-support. As for equality of representation in the Senate, that question was disposed of when our Constitution was adopted.

The consideration that ought to prevail is whether statehood for these Territories would benefit the United States. The committees of Congress which have studied that question and the House of Representatives, supported by the opinions of the President and the Departments of Defense, State, and Interior, all say that it would. There is greater unanimity of opinion now than ever before, more substantial support than ever before, and failure to bring the matter to a vote in the Senate at this session will mean an altogether unreasonable delay in taking the step that should be taken now.

Mr. ANDERSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from New Mexico?

Mr. KNOWLAND. I yield.

Mr. ANDERSON. Does the Senator from California think the Congress has had sufficient opportunity to become acquainted with the Hawaiian statehood proposal?

Mr. KNOWLAND. I certainly think it has had more than ample time to become acquainted with the needs of Hawaiian statehood.

Mr. ANDERSON. The Senator is familiar with the hearings which have many times been held in the Senate, is he not?

Mr. KNOWLAND. I am thoroughly familiar with them, and I think it will be most unfortunate if the Eighty-first Congress adjourns without taking definite action in support of statehood for the Territory of Hawaii.

Mr. ANDERSON. Does the Senator feel that the hearings which the Senate held on both Hawaiian and Alaskan statehood were open and that there was sufficient opportunity given for discussion there?

Mr. KNOWLAND. I attended both hearings. I testified in favor of Hawaiian and Alaskan statehood. I think there was ample time given for those who were interested, either pro or con, to make their views known, and the committee, in its judgment—and I think correctly—reported the bills to the Senate. I certainly believe that the people of the United States, and certainly the people of those two organized Territories, the House having already acted, have a right to expect action by the Senate before this session adjourns.

Mr. ANDERSON. Does the Senator from California believe, knowing the full hearings as he does, that statehood for Hawaii could come at any better time for the benefit of the United States?

Mr. KNOWLAND. I may say to the Senator from New Mexico that Hawaii has a great contribution it can make to the serious situation in the Pacific. I think the Hawaiian people can help us understand the far eastern situation, and, in turn, can help to interpret to the people of the Far East the aspirations and hopes and desires of America for free institutions. I think the admission of Hawaii as one of our States would be one of the greatest contributions we could make to the peace of the world and the understanding between the people of this country and the Far East.

Mr. ANDERSON. Does the Senator from California likewise believe that the admission of Alaska would have a very beneficial effect on the part of the world where that action would be regarded as symbolical?

Mr. KNOWLAND. I thoroughly agree with the Senator from New Mexico. I think it is vital that Alaska become an integral part of the American Union and that we serve notice on the Soviet Union and all other powers that it is a part and parcel of the United States which we will defend in the same way that we will defend any of the 48 States now in the Union. I think the sooner we draw that line of demarcation and make it clear that our original promises of statehood are going to be carried out the better it will be for all concerned.

Mr. ANDERSON. Does the Senator agree with me that if we had never even made a promise, it would be most desirable to admit both Hawaii and Alaska?

Mr. KNOWLAND. I may say to the Senator from New Mexico that the only reason for creating organized Territories is that they may go through an apprenticeship to become States. If we did not intend that both Alaska and Hawaii should become States, they should not have been organized Territories. Certainly I think there has been ample evidence given to justify quick and affirmative action by the Congress of the United States.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Virginia [Mr. ROBERTSON].

Mr. MAYBANK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hendrickson	Morse
Anderson	Hickenlooper	Mundt
Benton	Hill	Murray
Brewster	Hoey	Myers
Bricker	Holland	Neely
Butler	Humphrey	O'Conor
Byrd	Hunt	O'Mahoney
Capehart	Ives	Pepper
Chapman	Johnson, Colo.	Robertson
Chavez	Johnson, Tex.	Russell
Connally	Johnston, S. C.	Saltonstall
Cordon	Kefauver	Schoeppel
Darby	Kem	Smith, Maine
Donnell	Kerr	Smith, N. J.
Douglas	Kilgore	Sparkman
Downey	Knowland	Stennis
Dworshak	Langer	Taft
Eastland	Lehman	Thomas, Okla.
Ecton	Lodge	Thomas, Utah
Ellender	Long	Thye
Ferguson	Lucas	Tydings
Frear	McCarran	Watkins
Fulbright	McKellar	Wherry
George	McMahon	Wiley
Gillette	Magnuson	Williams
Graham	Malone	Withers
Green	Martin	Young
Gurney	Maybank	
Hayden	Millikin	

The PRESIDING OFFICER (Mr. ANDERSON in the chair). A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Virginia [Mr. ROBERTSON].

Mr. ROBERTSON. Mr. President, for the information of Senators who were not present when the amendment was presented, I wish to repeat what I said, that it is a provision which was in the OPA law during the last war, inserted at that time to accompany a provision that farm prices could not be rolled back below a given level. It is intended primarily to protect farmers who grow vegetables to be canned, and to provide a market for a product which cannot be preserved, which has a short growing season, which must go to the canner when it gets ripe. If some OPA administrator should fix a price on the processor which for the industry—and for that purpose the word "generally" is used—would not yield the particular industry a fair and equitable profit, the processor would not buy the farmer's product.

The provision was in the last OPA law, and it is copied word for word from the bill which the House passed. It is a companion measure for the general farm measure.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield to the Senator from South Carolina.

Mr. MAYBANK. Would it not apply to every processor who processed something from an animal? Would it not apply to the hide manufacturers? The Senator knows hide prices have gone very high. Is not this a very far-reaching amendment, covering every byproduct of an animal? I was so advised.

As the Senator said, A similar provision was in the last OPA law. With deep respect for the Senator from Virginia, who has done bo much for the bill, let me say that the great fear I have is that if we undertake to legislate OPA regulations on the Senate floor we will never get anything. The provision is in the House text, it will go to conference, the Senate will have to approve the conference report, and if we write the same language that is found in the House text, it might entail a little delay in agreeing to the conference report and enacting the bill.

I favor everyone receiving a fair profit, but I have conferred with experts and find that the proposal would effect pharmaceutical products, hides, and other items. As the Senator so ably stated, one of the great troubles that afflict us is that the prices charged by those in the leather business have been going up far beyond what they should be. I believe, as I have said, in fair prices being paid, and fair profits being received, but I do not believe we should legislate a whole OPA program on the Senate floor.

Mr. ROBERTSON. The amendment does not go any further than the last OPA law went.

Mr. MAYBANK. And the OPA regulations?

Mr. ROBERTSON. I recall no trouble occurring during the last war because of this provision. While it is true the matter would be in conference, because the House has adopted the provision, I think it is also true that from a percentage standpoint there are as many friends of the farmer in the Senate as there are in the House, and, frankly, I would like to go on record as being a friend of the farmer.

Mr. MAYBANK. I think the Senator will bear me out in the statement that the farmer has no better friends than he and I and many other Senators. But the proposal goes beyond the farmer. It takes in the drug manufacturer and all others connected with the business.

Mr. ROBERTSON. It affects only farm products, and if it affects only farm products it does not go beyond the farmer.

Mr. MAYBANK. Wood and trees are farm products. How would it affect lumber? I cannot find out for certain how it would affect lumber.

Mr. TAFT. Mr. President, the amendment reads as follows:

That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing.

In the first place, that covers not only the packer, but as I read the amendment it covers every other processor, the man who tans the hides, the man who makes shoes, it covers everyone engaged in processing of all agricultural products. I cannot see how the Senator can talk about it as having something to do only with livestock. Is it not inevitable, from a reading of the language, to conclude that it covers every processor?

Mr. ROBERTSON. I think it could do so. But I said it was submitted primarily to protect farmers who raise vegetables to be canned. That is the segment of the farmers now concerned, because if a price is put on the canner which denies to him a generally fair and equitable profit, he will quit canning, and the farmer who raises his vegetables to be canned will take a loss. There is nothing in the law to protect him.

Mr. TAFT. I do not say I am against the amendment. I am only trying to point out that we are legislating on something that has not been considered or discussed.

In the typewritten copy of the amendment will be found the additional language:

In establishing and providing a ceiling, a generally fair and equitable margin of profit shall be allowed for such processing.

Does that mean a profit for each processor?

Mr. ROBERTSON. No; as I construe the language it means in the case of the industry engaged in canning peas allowance will be made for that particular industry, or if they are canning corn or beans, or whatever they are canning, that segment would get generally whatever the main industry receives. We cannot pick them out individually. That is quite impossible, as the Senator pointed out so well on yesterday.

Mr. TAFT. Yesterday we adopted an amendment which set a profit on the average of the industry. The Senator does not say anything about the average of the industry. It could be interpreted to mean a profit for every single processor, no matter how inefficient he might be. I wonder if that is what the Senator meant when he used this language.

Mr. ROBERTSON. I do not mean that, and I do not think it can be construed that way. I was told it was taken from the OPA law, and it is certainly bottomed on the bill passed by the House.

Mr. TAFT. I cannot find such a provision in the House language. I wonder if the Senator can refer me to the OPA law.

Mr. ROBERTSON. I checked it with Mr. Boots, of our drafting service, this morning and he told me, as I understood him to say, that the provision was in the Stabilization Act of 1942.

Mr. MAYBANK. Will the Senator yield to me to make a statement?

Mr. TAFT. Certainly.

Mr. MAYBANK. I wish to say in respect to the statements made by the distinguished Senators from Virginia and Ohio that I talked with Mr. Trigg and other officials of the Department of Agriculture today. They said they were very much concerned about the language of a House provision, for they do not know to what it applies. It would apply to everything, the way they construe it.

Mr. ROBERTSON. I hope the distinguished chairman of the Committee on Banking and Currency has not confused my amendment with the amendment that was offered by Representative STANLEY of Virginia to protect tobacco. The Department of Agriculture says they do not know to what that amendment applies; that it goes far beyond tobacco, and that they were going to send up a substitute for it.

Mr. MAYBANK. They have given me a substitute for that amendment so that it may be discussed. But the amendment the Senator from Ohio has read applies to everything processed from agriculture or agricultural commodities, from trees, or from drugs, or from anything else. That is the way they interpret it.

Mr. TAFT. I do not think there is any other interpretation possible with respect to leather. I do not object to the scope of it. Only here we would lay down one standard of profit. Yesterday we laid down another standard of profit in all packing industries—at least, those packing beef or sheep or hogs. The bill itself contains a wholly vague standard. It seems to me that if we are going to have this kind of a law, and if we are going to try to prescribe standard margins, cost plus a profit, or whatever it is, it ought to be uniform and it ought to be worked out with the committee. There should not be adopted here offhand provisions applying three or four different standards to three or four industries.

Mr. ROBERTSON. Mr. President, I heard the Senator's speech yesterday, and to make sure that I understood it I read it again this morning. I want to call to the attention of the Senator from Ohio that in the OPA law in the last war, and the Senate substitute now before us, all through, while we referred to a margin of profit, we used the same term, "fair and equitable." Those are the words we use here. Those are the words we use wherever we refer to profits anywhere in the bill—"fair and equitable." As I understand, the only reason some of the canners wanted this amendment was that we put a floor under the prices of the farmers. We cannot roll them back below parity, and we cannot roll them back below the highest figure between May 24 and June 24. If the farmer has that price, but the canner cannot get a fair and equitable profit, as I have stated, he will not buy, and the farmer then is left holding the bag. I believe the amendment may be very broad in its application. Yet I am told that either in the law during World War II or in the regulations this exact language was used and interpreted, and that we did not have all the terrible consequences which it is now suggested may happen.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. CAPEHART. First, let me say that I shall vote for the Senator's amendment. However, yesterday we turned down an amendment I offered which would do exactly what the Senator's amendment would do, except that it provided for fair and equitable treatment to everyone in the United States. My amendment read:

No ceiling shall be established on any commodity or material which does not allow for a reasonable gross margin of profit.

Not a net profit, but a gross profit, to the industries or groups affected. That is certainly what the amendment of the Senator from Virginia does.

Mr. ROBERTSON. With all due deference, I think the amendment is different from the amendment of the Senator from Indiana, because as I interpret his amendment, and according to the best advice I could receive, his amendment went down to the retail level.

Mr. CAPEHART. That is not true.

Mr. ROBERTSON. That is the way I construed it, and that is the way others construed it.

Mr. CAPEHART. I am going to support the amendment offered by the Senator from Virginia because I think it is a good amendment; because I believe it applies to everything the able Senator from Ohio said it applied to. My amendment simply provided: "No ceiling shall be established which does not show a fair margin of gross profit." I think it is a good amendment.

I want to say, Mr. President, that we might as well accept all these amendments. It does not make any difference, because title IV which has to do with price control and rationing and wage controls, is such a big subject, and so broad that when we get through adopting title IV we are going to have to go back and write a new law anyway. I do not know why we spend time on title IV. I do not know why all amendments that are offered to it are not accepted, because when we get through it is not going to be workable, even if we adopt all the amendments which are offered to it.

Mr. TAFT. If I have a correct copy of the amendment of the Senator from Virginia, it goes on to provide that "nothing in this act shall be construed as either eliminating or restricting the use of trade and brand names."

Mr. ROBERTSON. Mr. President, I explained this morning that after offering the first part of this as a printed amendment I then heard the proposal made on yesterday by the distinguished Senator from Indiana that the rest of this language ought to be included. But when I reached the floor this morning I looked over some of the amendments which had been offered, and I found that the junior Senator from Ohio [Mr. BRICKER] had pending an amendment which covers everything that is in the

second paragraph of the typewritten sheet from which the senior Senator from Ohio is reading. I have just talked with the Parliamentarian, who has been looking at the act, and he says I am correct in saying that the language I proposed in this amendment was actually written into the OPA law.

Mr. TAFT. Let me ask what year it was. I have about six different amendments; the law was almost constantly changed. I do not find it in the 1942 law.

Mr. ROBERTSON. The drafting clerk showed the amendment to me this morning. It is in the Stabilization Act of 1942, as amended, I now find. I knew I had read it.

Mr. TAFT. It is toward the end of the 1942 act, is it not?

Mr. ROBERTSON. It is on page 39 of the pamphlet entitled "Price Control Laws and Executive Orders, as Amended, August 1946."

Mr. TAFT. What paragraph is it?

Mr. ROBERTSON. It is near the middle of the page.

Mr. TAFT. Is it section 2, with a small letter to indicate a subdivision of that section?

Mr. ROBERTSON. It is called the Stabilization Act of 1942, as amended; and in the pamphlet which I have before me it appears on page 39, and reads as follows:

Provided further, That in the fixing of maximum prices on products resulting from the processing of agricultural commodities, including livestcok, a generally fair and equitable margin shall be allowed for such processing: *Provided further,* That in fixing price maximums for agricultural commodities and for commodities processed or manufactured in whole or substantial part from any agricultural commodity, as provided for by this act, adequate weighting shall be given to farm labor.

I did not include the farm-labor weighting provision in my amendment; I included the first part of the language I have just read.

Mr. WHERRY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HOEY in the chair). Does the Senator from Virginia yield to the Senator from Nebraska?

Mr. ROBERTSON. I yield.

Mr. WHERRY. This is the amendment which, as I said in the course of the debate yesterday, is the one I had hoped to have offered for the consideration of the Senate. Now it has been offered, and I expect to support it.

It is a fact, is it not, that this language was used many, many times very advantageously when processors of agricultural products as a group came to the Special Committee on Small Business and requested the level of profits which we talked about yesterday?

Mr. ROBERTSON. That is correct.

Mr. WHERRY. However, the Senator from Ohio has raised a very important question, namely, whether the profit should be figured on the basis of the groups of persons involved. The only ones we ever considered were the complete groups of processors, in connection with establishing the fair-margin-of-profit level. Certainly such a provision did not mean to those of us engaged in the activities of the Special Committee on Small Business that every processor would be guaranteed a fair margin of profit.

Mr. ROBERTSON. Of course not.

Mr. WHERRY. Certainly it does not guarantee a profit to one who is inefficient. To the contrary, this provision was construed on the basis of groups; that is the way we handled such matters in the course of our experience while serving on the Special Committee on Small Business.

I am quite satisfied that in the butter business or other dairy products businesses and in connection with canning factories, and so forth, this amendment will be very helpful.

The livestock amendment offered yesterday specifically provides that the persons involved shall be considered by groups. That was the point the distinguished Senator from Virginia raised with me.

Mr. ROBERTSON. That is correct.

Mr. WHERRY. It calls for taking them by groups. However, that language is not included in this amendment. I do not know whether it is needed. I think the legislative history should show that it is not the intention of the Senate to pass a measure which will guarantee an inefficient processor a fair margin of profit, but that, to the contrary, the intention of the Senate is to have them taken as a group.

Mr. ROBERTSON. I absolutely agree that there is no intention of trying to do the impossible, namely, to give a reasonable profit to poor management. Of course that is impossible.

Mr. WHERRY. Certainly.

Mr. ROBERTSON. But the language of the amendment is the same as that used in the Stabilization Act of 1942, as amended; and therefore I thought the prudent thing to do was to use it.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. MAYBANK. I am very glad to hear the distinguished Senator from Virginia make the statement he has just made. Now that he has made that statement, I feel much more reassured in regard to accepting the amendment and taking it to conference, for, as the Senator from Ohio has said, the amendment will not mean that a fair or reasonable margin of profit will be guaranteed to everyone—for instance, to a manufacturer of hides——

Mr. TAFT. Or to a shoe manufacturer.

Mr. MAYBANK. Yes. In individual cases, the amendment would not require that a profit be guaranteed. If the amendment is applied to groups, I shall not oppose it.

The PRESIDING OFFICER. The question is an agreeing to the amendment of the Senator from Virginia [Mr. ROBERTSON].

Mr. WILLIAMS. Mr. President, will the Senator accept, as a modification of his amendment, the following provision:

No ceiling for any material, service, or property shall be established or maintained which is designed to allow any seller a margin of profit greater than his normal margin of profit on sales of such material, service, or property.

I have read the amendment which guarantees a normal margin of profit; and it seems to me that as of the date when the freeze was made, the operator might be enjoying a greater-than-usual margin of profit, although of course it would be possible for the reverse to be the case, namely, for the operator to be having a smaller profit than usual. So it seems to me that if we are to guard against one, we should guard against the other.

Mr. ROBERTSON. Mr. President, with all due deference to the Senator from Delaware, I think his amendment should be offered to the part of this measure relating to a fair profit, and should not be offered to this amendment.

I am sorry that I cannot accept his amendment to this one.

The amendment I have offered contains the exact language of the House bill, and also the language is copied from the former act. I prefer to stick by this amendment.

Mr. WILLIAMS. I may say that the legislative counsel had in mind that the amendment would be offered on page 43, in line 21. However, I think it is essential that it be put in the same bill, because this matter could work both ways.

Mr. ROBERTSON. It might be well to put the amendment in the same bill, but not in the same section with my amendment.

The amendment of the Senator from Delaware is prepared in respect to a different section of the bill. With all due deference to him, I think that is where his amendment should be offered.

Mr. WILLIAMS. Very well; I shall offer the amendment later.

Mr. MAYBANK. I assume that the Senator from Virginia was discussing the language on page 43, where the following appears:

Any regulations or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title.

Mr. ROBERTSON. That is what I had in mind.

Mr. WILLIAMS. Then I shall offer the amendment later. In the meantime, Mr. President, I withhold my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Virginia [Mr. ROBERTSON].

The amendment was agreed to.

Mr. WILLIAMS. I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 43, in line 21, after the period it is proposed to insert the following:

No ceiling for any material, service, or property shall be established or maintained which is designed to allow any seller a margin of profit greater than his normal margin of profit on sales of such material, service, or property.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

Mr. WILLIAMS. Mr. President, I may say that the purpose of the amendment is to guard against a situation where the period selected for the freezing of prices would be one in which the processor was enjoying a greater-than-usual margin of profit.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

The amendment was agreed to.

Mr. WILLIAMS. Mr. President, I offer another amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 57, between lines 17 and 18, it is proposed to insert the following:

SEC. 410. Each contract providing for the purchase of processed chickens or turkeys by any department or agency of the United States from any contractor, entered into at any time when ceiling prices are in effect under this act for whichever of such fowl is covered by such contract, shall contain the following provision (with such change as may be necessary to describe the fowl covered by the contract):

"The contractor represents that the contract price is based upon an estimated price paid to the producers for live chickens or live turkeys to be processed hereunder. In the event and to the extent that the actual price paid to the producers of live chickens or live turkeys purchased for the performance of this contract is less than such estimated price, the contract price shall be reduced by the same number of cents or fraction thereof, per pound."

Mr. WILLIAMS. Mr. President, this amendment merely provides that in the event ceiling prices are imposed upon poultry products, if the Government is purchasing such poultry for its own use and paying the ceiling price, then in turn the processors must pay to the farmers a ceiling price for the live product.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WILLIAMS. In a moment. In the event the processor buys the poultry from the farmer at lower than the ceiling price, the saving must be passed on to the Government; in other words, he cannot put it into his pocket.

I may say that this clause, which is supposed to be put into the contract, was in all the Government contracts during the last war, except that, during the last war, the clause merely carried the proviso that the Government could claim the money at any time within a 60-day period, and that if it did not claim the money within the 60-day period it forfeited the right to claim it. The facts are that the Government did not claim any of the money, and that the farmers sold their products at below the ceiling in several instances, but there was no penalty provision in the act to cover it. This amendment makes such transactions subject to the same penalty provisions, by incorporating it into the bill instead of incorporating it into a regulation, as was done before.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. MAYBANK. It would be up to the Administrator then, would it not?

Mr. WILLIAMS. This amendment was incorporated in War Food Order No. 19 during the last war. It was not enforced, but it was incorporated in all the regulations and orders; but the farmers were not protected. This would give to the farmers the protection that the administration during the last war said it was intended they should have.

Mr. MAYBANK. I am a friend of the farmers of the Nation, as is the Senator from Delaware, and I should like to have the meaning of the amendment made clear. If a processor has a Government contract and he buys chickens, turkeys, or other poultry——

Mr. WILLIAMS. If he buys at 3 cents below the ceiling, he must sell to the Government likewise.

Mr. MAYBANK. He bases his sales on parity, does he not?

Mr. WILLIAMS. That is correct.

Mr. MAYBANK. He must refund to the farmer, must he not?

Mr. WILLIAMS. He must either refund to the farmer or refund to the Government; he cannot put it into his pocket.

Mr. MAYBANK. In other words, he cannot take advantage of the 3-cent differential, or whatever the differential may be, from the farmer or from the Government, and put it into his own pocket; is that correct?

Mr. WILLIAMS. That is correct.

Mr. MAYBANK. He must refund it to one or the other, must he not?

Mr. WILLIAMS. That is correct. In the bill he is guaranteed a margin of profit. This simply says he cannot take advantage of the farmer.

Mr. CAPEHART. Mr. President, I think this is a good amendment and should be adopted.

Mr. MAYBANK. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. WILLIAMS].

The amendment was agreed to.

Mr. CAPEHART. I send to the desk an amendment and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 82, line 9, after the word "terminate", it is proposed to strike out "June 30, 1952" and insert "August 31, 1951."

Mr. CAPEHART. Mr. President, that simply makes this bill for 1 year instead of 2. I think the date is exactly the same as the date in the House bill.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. MAYBANK. The Senator from Indiana is a distinguished member of the committee and a hard worker.

It was hoped by the committee that we could extend this bill for 2 years. The House has extended it for 1 year, but the Senate has put into the bill two amendments, one by the Senator from Vermont and myself, which was recommended by the Grange, which gives the right to eliminate any part of this bill upon 48 hours' notice, with the Congress voting it.

Mr. CAPEHART. Mr. President, I am going to withdraw the amendment temporarily. I ask unanimous consent that I may do so.

Mr. MAYBANK. I wish the Senator would not withdraw the amendment, though of course he has that right if there is no objection.

Mr. CAPEHART. I ask unanimous consent to withdraw the amendment.

The PRESIDING OFFICER. The Senator has a right to withdraw his amendment.

Mr. MAYBANK. Mr. President, may I complete my remarks?

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. MAYBANK. I merely want to say that the House provided 1 year, but General Bradley, Chairman Symington, and others pleaded with the committee to make it 2 years, because it would take quite a while before it could be placed in operation. Furthermore, we do not know when it is going to become a law. We put safeguards in the bill permitting the Congress to repeal the law at any time it got ready. We put further safeguards in the bill as recommended by the farm organizations and other organizations, and any title in the bill can be repealed by a joint resolution of the Congress. I merely wanted the RECORD to show that, because I am hopeful the Senate will maintain the 2-year provision.

Mr. LUCAS. Mr. President, I should like to make a brief statement. I have not been in the Senate Chamber too much during the debate, but I notice certain amendments are being adopted. It seems to me we ought to be very careful, and that amendments ought to be debated rather thoroughly. Members of the Committee on Banking and Currency ought to agree upon an amendment before accepting it. I say that regardless of what kind of amendment it is.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. LUCAS. In a moment. If we are not extremely careful, we are going to end by having an OPA bill written on the floor of the Senate. I do not think anyone wants that kind of bill. Various Senators are proposing amendments, trying to protect some particular commodity. I do not think the President of the United States wants that. The President did not ask for it in his message to the Congress, and I sincerely hope that the Banking and Currency Committee will resist all the amendments that its members do not conscientiously believe will aid the fundamental principles which have been laid down in the President's message, and the request that was made by him when he sent his bill to the Congress.

When I look over these amendments and when I see what is going on, I am fearful that we are going to wind up with a bill which no one will understand, and that it will be so confused, if we are not careful, that someone is going to ask someone else what it all means. We may wind up, as I said yesterday, with a motion to recommit. If we do, there is a possibility that such a motion might be agreed to. I am not criticizing anyone;

I am merely making a request. I know the chairman and other members of the committee will watch it to see that it is done, and that no amendment which really does not belong in the bill is placed in it, at least unless it is debated and unless a vote is taken upon it.

Mr. WILLIAMS. Mr. President, I may say to the Senator from Illinois, to put his mind at ease, that the amendment which was adopted a few moments ago does not protect any special group, but, had it been enforced during the last war, we would have saved the Government or the farmers of the Del-Mar Peninsular, alone, more than $10,000,000. I have the figures in my office. The amendment was designed to protect the farmer, so that he will get what he is entitled to.

Mr. LUCAS. It might be that the Senator's amendment would be satisfactory to everyone. It may be that it will do exactly what it proposes. But the Senator did not present his amendment before the committee, though the committee was in session for some time. I have found that amendments which are offered upon the floor without consideration require, as a general rule, some supervision and careful study. That is all I am talking about. I did not even have the Senator's amendment in mind.

Mr. WILLIAMS. I understand.

Mr. LUCAS. I merely rose to make a general statement in respect to an important piece of legislation, which we should pass as quickly as possible, and with as few amendments as possible, so that we can get it on to the White House. The President did not ask for very much, as I see it, and yet, if we are not careful, and if I read some of these amendments correctly, before we get through we are going to give him something that is going to be almost impossible of administration. That is what is worrying me a little in respect to this bill.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield to the Senator from Indiana.

Mr. CAPEHART. Mr. President, again I am forced to invite the attention of the Senate, for the RECORD, to the fact that no hearings were held on title IV. We are now talking about title IV. The majority leader stated a moment ago that the able Senator from Delaware had not offered his amendment to the committee. He had no opportunity to offer it. The hearings which were held on this particular title were held in executive session. There was no public hearing, and no one knew anything about it, other than the members of the committee.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. MAYBANK. I want to say to my friend from Indiana that there were no hearings held on any section or any subsection. There were hearings held on the general over-all bill.

Mr. CAPEHART. The original bill on which public hearings were held did not contain titles IV and V.

Mr. MAYBANK. The Senator is correct. The hearings brought forth titles IV and V.

Mr. WILLIAMS. Mr. President, at this time I call up my amendment A, dated July 14, 1950.

The PRESIDING OFFICER. The Clerk will state the amendment offered by the Senator from Delaware.

Mr. WILLIAMS. It is offered on behalf of myself and the Senator from Kansas [Mr. SCHOEPPEL].

The LEGISLATIVE CLERK. On page 76, between lines 8 and 9, it is proposed to insert the following:

(e) Chapter 15 of title 18 of the United States Code is amended by adding at the end thereof the following new section:

"§ 292. Whoever, being an officer or empoyee of the United States or any department or agency thereof (including any Member of the Senate or House of Representatives or of the Armed Forces of the United States), shall speculate directly or indirectly on any commodity exchange, or shall knowingly publish or disclose any information designated by the President as confidential for the purpose of aiding any other person so to speculate, shall be fined not more than $10,000 or imprisoned not more than 1 year, or both. As used in this section, the term 'speculate' shall not include a legitimate hedging transaction, or a purchase or sale which is accompanied by actual delivery of the commodity. The President shall designate as confidential any information which would give any person an undue advantage in trading on any commodity exchange." Notwithstanding the provisions of section 716 of this act, this subsection shall continue in effect after June 30, 1952.

On page 82, line 9, after the word "shall", insert a comma and the following: "except as otherwise provided."

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. MAYBANK. Mr. President, I thoroughly agree with the distinguished Senator from Delaware. Any man who would come to the Congress of the United States and take an oath to support the Constitution of this country, and then gamble on the commodity exchange, ought to be put in jail. I hope every such person will be put in jail. But the Committee on Banking and Currency should not interfere with the duties of the Committee on Agriculture and Forestry, of which the distinguished present Presiding Officer [Mr. HOEY] is a member, or with the Committee on the Judiciary, of which the Senator from Nevada [Mr. MCCARRAN] is chairman, and put into effect penalties which run beyond the life of the control bill. I think if that is done we shall make a mistake. With all due respect to the distinguished Senator from Delaware, his Republican colleagues will agree that we decided not to go beyond our jurisdiction. I would support such an amendment if it came from the Judiciary Committee or from the Committee on Agriculture and Forestry. I am in thorough accord with the sentiments and thoughts of the Senator from Delaware, but I do not think this is the appropriate place for his amendment.

Mr. WILLIAMS. Mr. President, there is not a single bill which could be placed before us as to which this amendment would be more appropriate. We are placing in the hands of departments in Washington, upon recommendation of the Banking and Currency Committee of the Senate, the power to limit and control the commodity markets. It is very easy for any man having access to the information to make an unlimited amount of money. I am not condemning the operations of the commodity exchanges as such. For 25 years, before I came to the Senate, I made my living in the grain business and have operated at various times on commodity exchanges. It is a part of a legitimate transaction. But it is not a part of the work of a Member of Congress or of a Government employee who is in any position to shape policies and make decisions which will affect the commodity markets. Any Member of Congress or any Government employee who accepts his job should separate himself from operations in those markets. If he is not willing to separate himself from such speculations, he should resign his position.

No Member of the Senate is more violently opposed to unnecessary controls than I am, but I endorsed the proposed legislation and I intend to support the giving of the President the necessary powers which I think he needs in order to cope with the situation. I shall not vote for any bill which gives to any bureau in Washington the power to regulate markets when, at the same time, by declining to accept this amendment, we tell them we are going to criticize them if they use this information in order to make money, but that it is not a violation of the law, and they may go ahead, but do not let us find out about it.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. MAYBANK. Is such speculation not now a violation of the law?

Mr. WILLIAMS. It is not now a violation of the law for a man to speculate. I am not a lawyer. But if it is a violation of the law, we are spelling it out in this amendment. My understanding from the legislative counsel is that any Member of Congress or an employee of any Government department can speculate without violating the law. Instances of speculation were brought to the attention of the Senate during the last war, but there was absolutely nothing done about it. If it was a violation of the law, why was not something done about it? In this bill there is a provision that if a housewife buys illegally 5 pounds of sugar, the merchant who sells it can go to jail, but if a Member of Congress speculates and makes a fortune he can get away with it. I shall not support any such proposed legislation as that. This amendment, in my opinion, is the most important one that can be offered to the bill.

Mr. MAYBANK. Would this amendment in any way, directly or indirectly, affect the sections of which the Committee on Agriculture and Forestry had charge?

Mr. WILLIAMS. Not to my knowledge. It would not affect them in any manner whatsoever.

Mr. MAYBANK. Can the Senator assure us that it would have no effect upon the regulation of commodity exchanges?

Mr. WILLIAMS. It has no effect on the regulation of commodity exchanges such as was proposed in the original bill. It does not refer to them at all.

Mr. MAYBANK. This amendment goes far beyond the life of the bill, does it not?

Mr. WILLIAMS. It expires June 30, 1952. Frankly, I think it should go beyond the life of the bill, but I made the termination of it the same as that of the bill. If we are to grant extraordinary power to regulate commodity markets, we have no other alternative than to restrict their operation.

Mr. MAYBANK. I shall join the Senator in an effort to put any Government employee or anyone else in jail who gambles on the exchanges, but his amendment provides as follows:

Nothwithstanding the provisions of section 716 of this act, this subsection shall continue in effect after June 30, 1952.

I want to know the reason for going that far. I am willing to make it permanent, but I want to know the reason for it.

Mr. WILLIAMS. I think it should be made permanent, but I should be willing to terminate it with the expiration of the life of the bill, provided it runs as long as the bill is in effect. I think it should be in effect at all times.

Mr. MAYBANK. Mr. President, I want the Senator from Delaware to understand that no one is more in accord with his ideas on this question than I am, but I thought it might be something which intruded on the legislative authority of the Judiciary Committee or the Committee on Agriculture and Forestry. That was the reason for my remarks. So far as I am concerned, I am willing to have the amendment go beyond the scope of the bill, provided it does not interfere with the jurisdiction of the Committee on Agriculture and Forestry or the Committee on the Judiciary.

Mr. BRICKER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. FREAR in the chair). Does the Senator from Delaware yield to the Senator from Ohio?

Mr. WILLIAMS. In just a moment.

Mr. President, I should like to modify my amendment, on page 2——

Mr. MAYBANK. Mr. President, I am not asking the Senator to modify his amendment. I wanted the RECORD to show that in going beyond the scope of the bill it would not take jurisdiction from the Committee on Agriculture and Forestry or the Committee on the Judiciary.

Mr. WILLIAMS. I modify my amendment to make the termination date in it to read same as the termination date in the bill.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. WILLIAMS. In so doing, I should like to have it understood that I am endorsing the principle that the bill should cease to be effective at that time, but I recognize the fact that permanent legislation will come from another committee.

Mr. MAYBANK. I will join the Senator in permanent legislation.

Mr. BRICKER. Mr. President, I understand that the amendment offered by the Senator from Delaware refers to a person in an official position who secures confidential information on prices which might be controlled or regulations which may affect prices, and has nothing to do with the substantive legislation with which we are dealing.

Mr. MAYBANK. I have no objection to the amendment.

Mr. ROBERTSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator yield, and if so, to whom?

Mr. WILLIAMS. I yield to the Senator from Virginia.

Mr. ROBERTSON. I understand the theory of the amendment is that, under existing law, employees in the marketing and agreement divisions of the Department of Agriculture are prohibited from speculating on commodity exchanges because of access to confidential information as to what regulations and quotas are to be imposed, which would affect the market.

Mr. WILLIAMS. That is correct.

Mr. ROBERTSON. We have pending before us now a bill which will confer that power upon the Secretary of Agriculture, and no one knows who will get the confidential information. Therefore the Senator would like to have the law applied to everyone?

Mr. WILLIAMS. I want the law to apply to everyone in an official capacity in a department, and to anyone, including Members of Congress, who are in a position to dictate the policies of a department.

Mr. ROBERTSON. The termination date is limited to the date in the bill?

Mr. WILLIAMS. Yes; the termination date of the amendment is the same as the termination date of the bill. I modified my amendment accordingly in order to overcome the objection of the Senator from South Carolina [Mr. MAYBANK].

Mr. MAYBANK. I should like to say to my friend it was called to my attention by the legislative counsel that the amendment went beyond the date of the bill, and I was fearful the Committee on Banking and Currency would be taking over jurisdiction of permanent legislation on the subject.

Mr. WILLIAMS. I have modified my amendment to make the termination date read the same as the termination date in the bill.

The VICE PRESIDENT. The question is on agreeing to the amendment, as modified, offered by the Senator from Delaware [Mr. WILLIAMS].

The amendment, as modified, was agreed to.

Mr. WILLIAMS. Mr. President, I send forward another amendment and ask to have it stated.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 76, between lines 8 and 9, it is proposed to insert:

(e) Section 284 of title 18 of the United States Code is amended by adding at the end thereof the following new subsection:

"(b) Whoever, having been employed in any department or agency of the United States (including the Armed Forces of the United States), within 2 years after negotiating or participating in the negotiation of any contract on behalf of the United States or any department or agency thereof, shall accept employment with any other party to such contract shall be fined not more than $10,000 or imprisoned not more than 1 year, or both."

Notwithstanding the provisions of section 716 of this act, this subsection shall continue in effect after June 30, 1952.

On page 82, line 9, after the word "shall", it is proposed to insert a comma and the words, "except as otherwise provided."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Delaware.

Mr. WILLIAMS. I should like to modify the amendment in the same way I modified the previous amendment, to make the expiration date in the amendment conform to the expiration date in the bill itself.

The VICE PRESIDENT. The Senator modifies his amendment accordingly.

Mr. MAYBANK. Mr. President, I appreciate that the Senator from Indiana [Mr. CAPEHART], the Senator from Ohio [Mr. BRICKER], and the other members of the Committee on Banking and Currency were present at the hearing, but how would this affect, for instance, those who Secretary Sawyer suggested should be given certain freedom from double-compensation laws, such as dollar-a-year men, and others?

Mr. WILLIAMS. It is my opinion, Mr. President, that this amendment would not affect the dollar-a-year men except in this manner——

Mr. MAYBANK. How would it affect the men who would give up their positions in industry?

Mr. WILLIAMS. Mr. President, if X corporation loaned one of its officials to the Government during an emergency for $1 a year in order to have that official not bar himself from going back to X corporation at the expiration of his service with the Government, all he would have to do during his service with the Government would be to disqualify himself from rendering any opinion or helping to formulate the terms of any contract which his company is negotiating with the Government. He would be in the position of a judge on a bench who disqualifies himself in a case or in the rendering of a decision.

Mr. MAYBANK. We sat in hearings and we tried to write a law which would give Secretary Sawyer voluntary controls. The Senator from Ohio [Mr. BRICKER], the Senator from Indiana [Mr. CAPEHART], and I were impressed by the fact that it was necessary to obtain good men for the Government service. We did not want civil-service employees to be transferred from one department to another. If this amendment does not affect the good men whom we would expect the Secretary to bring

to Washington, I would have no objection to the amendment, but I am fearful that under the amendment he would not be able to get the type of men needed in an emergency.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. BRICKER. Would this amendment, in the judgment of the Senator from Delaware, prevent Secretary Sawyer, for instance, from taking employment as an attorney representing a company with which he had been dealing as Secretary of Commerce in entering into a contract under the bill for the purpose of carrying out the President's program of allocation, procurement, making of contracts, setting priorities, and the like?

Mr. WILLIAMS. If Secretary Sawyer were associated with X corporation on the outside, when the corporation came before the Government to negotiate a contract, the Secretary would have to disqualify himself.

Mr. BRICKER. Assuming he had not been associated with any corporation on the outside, let us assume that as Secretary he enters into a contract with a corporation. Would he be prohibted for 2 years from accepting employment with that corporation?

Mr. WILLIAMS. That is correct. Perhaps in some cases a certain amount of hardship would be involved. On the other hand, we have had several instances pointed out of employment by certain corporations which had the appearance of being pay-offs. There was not so long ago the case of an RFC official, shortly after the Waltham Watch Co. had obtained a sizable loan from the RFC, obtaining employment with the Waltham Watch Co. at a substantially higher salary than he had been getting with RFC. Conceivably there could be nothing wrong with such a situation. However, it is best that any question in that respect be removed. It is simply one of the penalties a man must pay for service to his country.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. CAPEHART. I dislike very much to say that I shall have to oppose the amendment offered by the Senator from Delaware because it includes the Armed Forces of the United States. A man serving in the Armed Forces of the United States may be about ready to retire, and when he retires he must still make a living, and he may need a job.

Mr. WILLIAMS. I should like to point out to the Senator from Indiana that no man serving in the Armed Forces would be in a position of negotiating a contract.

Mr. CAPEHART. It would include thousands of them.

Mr. WILLIAMS. A man serving in the field would have nothing to do with it. If there are thousands of them, they should be included. I have sat on investigating committees, and I know of an instance where a man was prosecuted under similar circumstances. I think the chairman of the committee was the Senator from Michigan. This amendment would prevent a man from taking a Government position and negotiating a contract either with himself or with his firm.

Mr. CAPEHART. I know the problem that is involved when a nation is at war. Certainly we are at war, and we may be in total war before the bill expires. The problem of Government is to get men to do the things that must be done. No man would accept employment temporarily with the Government during a war period if after the war ends or his service ends with the Government he cannot obtain a job with someone with whom he may have come in contact during his employment with the Government. He simply would not do it. He would not take the Government job. I know what the Senator from Delaware is attempting to do, and I think what he is trying to do has considerable merit. However, I shall have to oppose the amendment.

Mr. WILLIAMS. Does not the Senator think that when a man comes to Washington and takes employment with the Government the very least he should do is dissociate himself from his own contracts?

Mr. CAPEHART. Yes; however, the amendment offered by the Senator from Delaware does not cover that point. It says that within 2 years after he leaves his service with the Government, he cannot take employment with anyone with whom he came in contact as an employee of the Government. We could not get people to accept employment with the Government under those conditions.

Mr. WILLIAMS. Mr. President, I should like to point out to the Senator from Indiana the fact that at the bottom of page 1, and going over on to page 2, the amendment provides that it shall apply only to those who within 2 years after negotiating or participating in the negotiation of a contract take employment with companies having to do with the contracts. This does not say with whom the man comes in contact, or with whom he discusses any related contract. It relates to negotiating or participating in the negotiation of a contract. All any dollar-a-year man would have to do would be to dissociate himself from negotiating or participating in the negotiation of a contract.

Mr. CAPEHART. Mr. President, I know exactly what the Senator is seeking, and I am in sympathy with it. He is trying to eliminate men coming to Washington and working for the Government and taking advantage of their employment either to make money while they are working for the Government or when they leave the Government employment. But I shall have to be opposed to the amendment because I do not see how it would be possible to get a sufficient number of good men in the United States to run the Government, particularly if we have an all-out war, as was the case in World War II, and which we may have in the present instance, though I hope we may not.

Mr. WILLIAMS. I have no intention of handicapping the work of the Government, and if I felt this amendment would have any such result, I would withdraw it. My only thought is that any man working for the Government should dissociate himself from negotiating a contract with his own concern.

Mr. CAPEHART. That is not what the amendment says.

Mr. WILLIAMS. Or obtaining employment with a concern with which he has negotiated a contract.

Mr. CAPEHART. The amendment is directed to 2 years after the man leaves Government employment, not 2 years prior to or 2 years during his employment. The amendment applies only after he leaves the employ of the Government.

Mr. WILLIAMS. We could not prevent a man from taking employment if he had worked for a corporation 2 years prior, but we can prohibit him from obtaining employment 2 years following the war.

Mr. BRICKER. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield to the Senator from Ohio.

Mr. BRICKER. I am not concerned alone with those who are brought into the service of the Government on a dollar-a-year basis. I am concerned with the regular employees of the Government, the members of the Cabinet, the members of various administrative boards which would be created under the bill, and the like, who would be dealing with business extensively throughout the country, with all the steel corporations, with the oil companies, and with the communication and transportation companies. If they had anything to do with the negotiation of a contract during the period of their employment, when they were on the Government payroll, they would be restricted, under penalty of a heavy fine and jail sentence, if they accepted employment within 2 years after they left the service of the Government, regardless of the kind or character of service they rendered while on the Government payroll. I think that is going entirely too far in a bill of this kind.

Mr. MAYBANK. Mr. President, I might mention one company, the Cadillac Co. Suppose the Government needed a man to negotiate a contract covering the price of tanks, or the like, and the man took employment with the Government. Such a man could not work for that company for 2 years after he left the Government service. I do not see how we could obtain men to work for the Government if they were forbidden to work for a company after severing their connection with the Government.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield to the Senator from Ohio.

Mr. BRICKER. There are only only a few who would take advantage of their services with the Government to secure personal advantage afterward. There might be a few, but 99 out of 100 of the employees who would enter the Government service, or who are now working for the Government and will be associated with the program, are entirely patriotic and honest, and would not do anything to the detriment of their Government. I

think it would be unfair to penalize a great number of honest employees who do conscientious and patriotic work by preventing their further employment with a great segment of American industry; and this amendment would cover a great deal of American industry.

Mr. WILLIAMS. Mr. President, there is no disagreement about what we are trying to accomplish. I have no intention in the world of penalizing men who are coming into the Government service on a temporary basis, and I have no recollection at this moment of a single instance in which such men have been criticized for what they have done while in the Government service.

Since there seems to be no disagreement as to the purpose of the amendment, I shall withdraw it temporarily, and will consult with the legislative counsel to see if we cannot draft an amendment which will take care of what we are all trying to achieve, and at the same time not penalize anyone who desires to serve his country.

The VICE PRESIDENT. The Senator withdraws his amendment. The bill is still open to amendment.

Mr. FERGUSON. Mr. President, I send to the desk a new title to the pending bill in behalf of myself and the junior Senator from South Dakota [Mr. MUNDT], together with other amendments, and ask that they lie on the table to be brought up later.

The VICE PRESIDENT. The amendments will be received and printed, and will lie on the table.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 305. An act for the relief of Julio Laffitte;

S. 459. An act for the relief of Cornelis Ruhtenberg, also known as Cornelis Ruhtenberg Helmsing;

S. 819. An act for the relief of Herman L. Weiner;

S. 918. An act for the relief of Clara Sogor;

S. 1222. An act to authorize the sale of inherited interests in certain allotted land under the jurisdiction of the Pine Ridge Indian Agency, S. Dak.;

S. 1420. An act for the relief of Antonio Garcia Jiminez;

S. 1426. An act to authorize the sale of lands allotted to James Brown on the Crow Reservation, Mont.;

S. 1506. An act for the relief of Andre Lan;

S. 1568. An act for the relief of Anna Rajmann;

S. 1800. An act for the relief of J. Don Alexander;

S. 1866. An act for the relief of Mrs. Clayre Louise Forsyth;

S. 2173. An act for the relief of Giuseppe Moschetti and his wife, Dina Bartoli Moschetti;

S. 2204. An act for the relief of Rudolph Farcher;

S. 2257. An act for the relief of Hyman Winterman;

S. 2401. An act for the relief of Elizabeth Martha Haug;

S. 2614. An act for the relief of O. O. Haugen;

S. 2617. An act for the relief of Ermalinda Mary Pizzuto;

S. 2780. An act for the relief of Jaime Riel;

S. 2897. An act for the relief of Hyman D. Langer and Alta Jourard Langer;

S. 2954. An act for the relief of Agnes Biro and Anna Biro;

S. 3005. An act for the relief of Olga Haddad;

S. 3017. An act for the relief of Sgt. James C. Hollon and Bessie L. Hollon;

S. 3059. An act for the relief of John J. Sebenick;

S. 3097. An act conferring jurisdiction on the United States District Court for the Southern District of Mississippi to hear, determine, and render judgment upon the claim of O. S. Rees;

S. 3129. An act to authorize the sale of inherited interests in certain allotted land under the jurisdiction of the Rosebud Indian Agency, S. Dak.;

S. 3238. An act for the relief of Dr. Frederick Daniel McDade;

S. 3289. An act for the relief of Hisako Okamoto;

S. 3325. An act for the relief of Isolde Bezner;

S. 3446. An act to authorize the restoration of Edwin M. Rosenberg, lieutenant commander, retired, to the active list of the United States Navy;

S. 3610. An act for the relief of R. W. Harris, authorized certifying officer, Bureau of Federal Supply, Treasury Department;

S. 3611. An act for the relief of Dorrance Ulvin, former certifying officer, and for the relief of Guy F. Allen, former chief disbursing officer;

S. 3613. An act for the relief of certain Chinese stewards of the United States Navy;

S. 3614. An act for the relief of John B. Underwood, Jr., TMC, United States Navy; and

S. 3709. An act for the relief of certain disbursing officers and former disbursing officers of the naval service, and for other purposes.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Mr. BRICKER. Mr. President, I wish to call up my amendment "Q."

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to delete lines 7 and 8 on page 68 and to insert the following on page 72, after line 18:

All litigation arising under this act or the regulations promulgated thereunder, shall be under the supervision and control of the Attorney General.

Mr. MAYBANK. Mr. President, I have no objection to the amendment. The Senator from Ohio and I discussed yesterday several of his amendments, and last evening, in his absence, the Senate agreed on two which he authorized me to bring up. I think there are one or two more to which we will have no objection.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. BRICKER].

The amendment was agreed to.

Mr. BRICKER. Mr. President, I should now like to call up amendment "J."

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 46, line 18, it is proposed to insert the following subsections:

(h) The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this act.

(i) Nothing in this act shall be construed (1) as authorizing the elimination or any restriction of the use of trade and brand names; (2) as authorizing the President to require the grade labeling of any materials or property; (3) as authorizing the President to standardize any materials, services, or property, unless the President shall determine, with respect to such standardization, that no practicable alternative exists for securing effective price control with respect to such materials, services, or property; or (4) as authorizing any order of the President establishing price ceilings for different kinds, classes, or types of material, service, or property which are described in terms of specifications or standards, unless such specifications or standards were, prior to such order, in general use in the trade or industry affected, or have previously been promulgated and their use lawfully required by another Government agency.

(j) No rule, regulation, order, or price schedule issued under this act shall require any seller of materials or property at retail or any operator of any service establishment to limit his sales with reference to any highest price line offered for sale by him at any prior time.

Mr. BRICKER obtained the floor.

Mr. MAYBANK. Mr. President, if the Senator will yield, there is one section of the amendment which I shall have to discuss with him at a little length. Referring to line 1, on page 2, I presume the Senator intends to refer to "title" instead of "act."

Mr. BRICKER. Yes.

Mr. MAYBANK. When the Senator gets through explaining the amendment, I may have something to say about it, but with three-fourths of it I am in accord.

Mr. BRICKER. Mr. President, the language of the amendment is almost self-explanatory. The amendment is is directed to the protection of the conduct of business in the use of trade practices, trade names, processes of manufacture, and things of that kind. It is the amendment to which the Senator from Virginia referred a little while ago which he said had been deleted from his amendment because it had been included in another amendment.

Except where the President finds that it is positively necessary to adjust the practices of a business, the amendment would permit business to continue the practices under which it had been operating.

The amendment was designed also to do away with practices developed during the war, of changing price schedules, and going into the manufacture of one type of goods and excluding another type of goods so that the profits would be higher, and the producers would avoid the rules and regulations of the War Production Board or of the OPA.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. BRICKER. I yield to the Senator from South Carolina.

Mr. MAYBANK. If the Senator will bear with me, I presume he has some idea of the rules and regulations covered in the 1946 act about which we have been talking.

Mr. BRICKER. Yes.

Mr. MAYBANK. This would prohibit a manufacturer, we will say, of $2 shirts, stopping the manufacture of $2 shirts and going into the sport-shirt business.

Mr. BRICKER. Yes, and using the same material.

Mr. MAYBANK. It is more or less of the same provision as (k) on page 17, which says:

No regulation, order, or price schedule issued under this act shall alter the effective date of this subsection—

And so forth and so on. Am I correct?

Mr. BRICKER. It is supplemental.

Mr. MAYBANK. I feel certain that the Senator from Ohio will agree that the word "title" should be inserted instead of the word "act." The Senator intends to refer only to this title.

Mr. BRICKER. Yes. Mr. President, I modify my amendment accordingly.

The VICE PRESIDENT. The Senator from Ohio has so modified his amendment.

Mr. CAPEHART. Mr. President, I see no objection to the amendment. It simply writes into the bill regulations that were in the OPA regulations in World War II. I have no objection.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. BRICKER], as modified.

The amendment, as modified, was agreed to.

Mr. BRICKER. I now call up my amendment lettered "L."

Mr. MAYBANK. As I understand, that is only a corrective amendment.

Mr. BRICKER. A technical amendment.

Mr. MAYBANK. I thought we accepted that amendment yesterday.

Mr. BRICKER. That was accepted yesterday, yes. I thank the chairman for calling my attention to that.

Mr. MAYBANK. I felt sure it had been. If not, the amendment can be put to a vote now.

The VICE PRESIDENT. The Chair is advised that the amendment was agreed to yesterday.

Mr. WHERRY. Mr. President, I send to the desk an amendment which I ask to have read.

The VICE PRESIDENT. Does the Senator offer the amendment now?

Mr. WHERRY. Yes, Mr. President.

The VICE PRESIDENT. The amendment will be read.

The LEGISLATIVE CLERK. On page 66, between lines 7 and 8, it is proposed to insert the following:

(c) Whenever the President invokes the powers given him in this act to allocate, or approve agreements allocating, any material, he shall do so in such manner as to assure each individual business in the normal channel of distribution of such material of its fair share of the available civilian supply based, insofar as practicable, on the share received by such business during a representative period preceding June 24, 1950.

Mr. MAYBANK. Mr. President, will the Senator yield so I may make a unanimous consent request with respect to another amendment?

Mr. WHERRY. Yes.

Mr. MAYBANK. Mr. President, I should like to have the attention of the Senator from Ohio, the Senator from Indiana, and the Senator from New York.

Mr. WHERRY. Just what is the unanimous-consent request?

Mr. MAYBANK. The unanimous-consent request is that the Senate consider an amendment which the Committee on Banking and Currency last evening, by a vote of 9 to 0, agreed be made a part of the bill; that three lines be corrected in keeping with the wishes expressed by the Senator from New York and the Senator from Ohio. The Senator from Virginia was absent, but I understand it is agreeable to him.

Mr. WHERRY. The Senator means to ask unanimous consent temporarily to lay aside my amendment.

Mr. MAYBANK. Yes.

Mr. WHERRY. I have no objection.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 48, line 9, after the word "order", it is proposed to insert "relating to prive controls."

On page 48, line 11, after the word "order", it is proposed to insert "relating to price controls."

On page 54, line 10, after the word "order", it is proposed to insert "relating to price controls."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. MAYBANK. I may say that the Senator from New York [Mr. IVES] and I yesterday had a conference with Mr. Ching, the Federal Mediator, and it was agreed that these words would make the section similar to the powers of the War Labor Board in World War II insofar as voluntary adjustments are concerned. These adjustments, as I understand, are brought about by an agreement between management and labor, and therefore, there cannot be any appeal to the courts after they have reached this mutual agreement. Such appeal may delay or hamper work in connection with the war effort.

Mr. IVES. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. IVES. It is intended to correct an oversight by the committee when the bill was drafted. The correction is rather technical.

The VICE PRESIDENT. The amendment has already been agreed to.

Mr. IVES. I understand that.

The VICE PRESIDENT. The question recurs on the amendment offered by the Senator from Nebraska [Mr. WHERRY].

Mr. WHERRY. Mr. President, my amendment has already been read. I should like to say that the amendment is not taken from the old law. It is a brand new suggested piece of legislation. It is occasioned by questions I have asked different Senators, members of the Committee on Banking and Currency, on the floor, as to whether or not there was any evidence adduced in the hearings by which the matter dealt with in the amendment was brought to their attention, and there is no such evidence in the hearings. All Senators to whom I home spoken, while they have not seen the amendment, having only heard it read, I believe feel that the objectives I am attempting to accomplish are worthy and should be made a part of the bill. Whether or not the language I have suggested accomplishes the designed purpose is another matter. The amendment is proposed to assure small independent businesses who depend on the major integrated producers for a large portion of their supplies, a fair and equitable share of the supplies available to the civilian market under any rationing or allocation program.

I desire to make it perfectly clear that the amendment deals only with civilian production. It comes into play only when all the priorities which are set up in the interest of national defense have taken whatever amount of production is necessary for the national defense. The wording of the amendment is "in the normal channel of distribution of such material of its fair share of the available civilian supply." So it can refer only to that part which is left, which is to be distributed for civilian use. Any priorities that are provided for, are taken out of complete production. I am talking only about what is left for the civilian production; that is all.

Title VII of the pending bill pays a great deal of lip service to small business enterprise. That is a good thing. Throughout the entire bill, beginning with the declaration of policy in section 2, the bill calls for the placing of controls within the framework of the American system of competitive enterprise, and I endorse that 100 percent. The proposed amendment puts teeth behind the lip service of the bill as written. I am confident that the Banking and Currency Committee and the Members of the Senate actually intend to aid independent business. At least I am giving them full credit for intending to do so. This is our opportunity to show the independent businessman that we want to help him and to protect him.

America became great as the result of independence of action of the small-business man. In a free economy the independent man purchased supplies from the integrated businessman and still sells in competition with his larger competitor, and on many fronts very favorably so.

In a controlled economy, however, this one weapon no longer is available to the independent, because the very essence of controls means elimination of freedom of action.

If at the same time we also destroy or take away the supply of the independent businessman we are sounding his death knell. In most industries the large integrated business is a major factor in the control of the available supply.

In normal times integrated business sells products to the independent and

also competes with the independent businessman at each level of distribution. In a period of short supply of available civilian material, such as that we now apparently are entering—and the existence of such a period is the justification for this bill—the large enterprise can absorb all the available civilian supply and can eliminate its former customers and competitors—the independents. We must make sure that the normal practice by which the larger sells to the smaller is maintained if free enterprise is to survive this control period. That is the objective of the Banking and Currency Committee, and it is set forth in the declaration of policy to be found at the beginning of title VII of this measure.

Thus if enterprise A purchased X amount of material from enterprise B during a representative pre-Korean-situation period, when allocation or rationing is instituted, enterprise A is entitled to its proportionate share of the available civilian supply produced and sold by enterprise B during the control period. The amendment is as simple as that; that is all this formula does.

Mr. President, if there must be consultations between the distinguished chairman of the committee and various other members of the committee, I do not object to having them confer, but I wish they would do so off the floor, for I have not yet finished my statement.

Mr. MAYBANK. Mr. President——

Mr. WHERRY. Mr. President, I prefer not to yield until I finish my statement.

Mr. MAYBANK. Mr. President, let me say that I have not been conferring with anyone. The conference was going on between my distinguished friend the Senator from Louisiana and the Senator from Indiana.

Mr. ELLENDER. Mr. President, I was not conferring; I was simply reading the amendment.

Mr. WHERRY. I am not complaining, but it is difficult to buck the competition.

The VICE PRESIDENT. The Chair hopes that all Senators, as well as others who are not Senators, will recognize the difficulty of transacting business here if there are constant conversations. It is difficult for a whisper not to be heard in this Chamber.

Mr. WHERRY. I thank the Chair.

Mr. President, I have just given an illustration of how the formula would work. All Members of the Senate who have had anything to do with the Special Committee on Small Business, and other Members of the Senate who have had something to do with petroleum, know that the greatest source of supply of petroleum products is the large integrated companies, and that over the years many small independents purchase their supplies from such integrated companies, after which the independents resell the product, either under their own label or as independents, to the people of the communities. That occurs, for instance, in the case of fuel oil, gasoline, other petroleum products, distillates, and what not.

Every member of the committee knows that during the last war, many of the integrated companies continued to control and sell their output, clear down to the retail level. When independents were dependent upon them for their source of supply, the integrated companies did not continue to make the supply available to the independents. Then the independents had to try to find another source of supply, and then another source of supply; but in each case, the independent was told, "We have to take care of our own allocations, so we cannot supply you at this time." That is exactly what happened.

I sat in the committee meeting at Chicago, one afternoon, as chairman of the Special Committee on Small Business, and in the course of that afternoon and during the next 2 days I heard more than 200 independent dealers in gasoline testify that their source of supply had been taken away from them. It was only after that matter was forcibly called to the attention of the Special Committee that we were able to get a voluntary agreement on the part of the integrated companies that from then on they would give to the small dealers the same quotas they had had during the 2 years prior to the time of the allocation. That was done under a voluntary plan. At that time under a voluntary plan there was being done what we would like to see done now, in the case of the entire distribution of civilian goods through the normal channels of trade.

If that is not done, there will be dislocation; and then the very ones we want to help by this measure will be forced to go to new sources of supply, and there is where the black market begins.

Of course, what is true in the case of fuel oil is also true in the case of steel, newspaper print, and meat. The Special Committee on Small Business had a wide experience with all of them.

So all we are attempting to do by means of this amendment is to give the President full power to determine the base period which he wishes to use in connection with the determination of the percentage of the supply of a commodity which a purchaser is entitled to receive under the civilian economy.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I am glad to yield.

Mr. MAYBANK. I should like to ask the Senator a question. Has he submitted the amendment today?

Mr. WHERRY. Yes.

Mr. MAYBANK. I understand that the distinguished Senator from Nebraska consulted the legislative counsel in regard to the amendment.

Mr. WHERRY. Yes, I did; after the amendment was prepared. I prepared the amendment.

Mr. MAYBANK. I understand that.

Mr. WHERRY. I prepared the amendment; and then I submitted it to the legislative counsel, and a man from the office of the legislative counsel stayed with us until we finally had the amendment in shape ready to be offered in the Senate.

Mr. MAYBANK. That is what I meant.

When the Senator from Nebraska concludes his speech, I should like to suggest that I have conferred with the legislative counsel regarding the amendment, because the legislative counsel told me they had seen the amendment the Senator from Nebraska had completed. Of course, I realize the Senator from Nebraska drew the amendment, and then the legislative counsel saw it.

However, I have not seen the amendment. So I wonder whether the Senator from Nebraska will withhold the amendment until I can read it and study it, inasmuch as it has not been printed. I am not opposing the distinguished Senator from Nebraska in this connection, but I should like to be able to read the amendment.

Mr. WHERRY. Mr. President, I do not wish to interfere in any way with the consideration of all amendments and the speedy passage of this bill.

Last Thursday this matter first developed, in the course of colloquy, when I asked some questions about the distribution of the civilian supply.

Mr. MAYBANK. That is correct.

Mr. WHERRY. I think the question arose in the course of a colloquy between myself and the distinguished Senator from New York.

It was then that I went to the chairman of the Banking and Currency Committee and asked if there had been any evidence to show a need for the distribution of products through the normal channels of trade. He said there had not been. Then I suggested that I would offer the amendment.

Mr. MAYBANK. The Senator from Nebraska is correct.

Mr. WHERRY. Several suggestions were made—by the distinguished Senator from New York, I believe—to the effect that if I had any amendments to offer, I should get them ready to offer, and then should submit them to the Senate.

Mr. MAYBANK. Mr. President, I did not mean to differ with the Senator from Nebraska.

Mr. WHERRY. Mr. President, if the Senator from South Carolina will permit me to finish the explanation, I do not think there will be any difficulty regarding the amendment.

It is a minor amendment, of course. I do not believe it is of such major importance that we should delay much longer in adopting it. But if it is felt that the amendment should go over until tomorrow, then, when I complete my explanation of the amendment, I shall be glad to let the amendment go over until tomorrow, if Senators wish to have that done.

Mr. BRICKER. Mr. President, if the Senator will yield to me, let me ask a question. During the explanation, does the Senator intend to bring to the attention of the Senate what provision would be made for new businesses or for any one wishing to go into a new business in a field or industry where a snortage exists?

Mr. WHERRY. No; that is outside of this amendment; but the suggestion the Senator from Ohio has made is a most important one.

Under the voluntary plan we worked out, there was a certain reserve which the integrated companies took out of their own supply, in order to be able to take care of whatever new businesses they felt should be served. I say to the distinguished Senator from Ohio that it was very difficult then, and it will be very difficult in the future, to provide allocations for new businesses, because not only is there the problem of allocations, but also the problem in connection with the establishment of the new businesses themselves.

Men who came back from the war wanted to go into business. After they got the facilities, then they could not get the supplies. That was true with respect to gasoline, it was true in the case of the newspaper business, it was true in the meat business, it was true in the automobile business.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. WHERRY. In a moment, when I finish the answer to the Senator from Ohio. That is another problem which has to be confronted by the economy, and especially when there are integrated sources of supply. Now, if anyone wants to propose an amendment to modify my amendment so as to include new sources, there is no objection on the part of the Senator from Nebraska.

Mr. SPARKMAN. Mr. President, will the Senator yield in that connection?

Mr. WHERRY. In a moment, please. I was simply offering an amendment which I thought to be absolutely necessary, an amendment to subsection (2), page 77, in relation to allocations of the civilian supply under this section.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. WHERRY. I have told the Senator from Alabama I would yield to him. If he does not object, I shall yield to the Senator from Louisiana and then to the Senator from Alabama. But I said I would yield to the Senator from Alabama next, and I certainly shall.

Mr. SPARKMAN. That is satisfactory.

Mr. ELLENDER. Mr. President, the questions I desire to ask the distinguished Senator are along the line of the one propounded by the distinguished Senator from Ohio. If this amendment is adopted, would it not have the tendency of freezing in the hands of a company its old customers, so that it would not be able to sell to anyone else?

Mr. WHERRY. Mr. President, that is exactly what I want to do, depending upon the base period. It is immaterial to me whether the President makes the decision, though I leave it to him in the amendment. If the President can decide upon the base period, he should have the power, and he should do it. I only want to go back as far as practical. If it is 30 days, all right; if it is 6 months, it is all right; if it is 1 year, it is all right. But if there is to be any allocation to new business, I think it ought to come out of the share of the great integrated businesses, not out of the share of the independents. If those who administer the proposed act do what they did under the previous act, that will be the result. The Senator from Ohio has raised another part of this question; and if any Senator wants to suggest a modifying amendment to make some provision for new business, it is all right with me. But I was simply proposing to amend subsection (2), which has to do with business already established. I am now glad to yield to the Senator from Louisiana.

Mr. ELLENDER. How could that be done, unless the producer were given more to distribute?

Mr. WHERRY. If the producer gets more to distribute, he can take care of new business, and if he does not get more to distribute, he should take care of the customers he already serves, and, if he can be assured of his source of supply, out of his own allocation he should take care of new business. Does that answer the question?

Mr. ELLENDER. The distinguished Senator referred to numerous hearings which were held with respect to small business. I was a member of the Small Business Committee. But is it not a fact that all the complaints came from those who had new business?

Mr. WHERRY. Oh, no.

Mr. ELLENDER. And from those who expanded themselves tremendously during the war?

Mr. WHERRY. Mr. President, the Senator has not read my amendment.

Mr. ELLENDER. Yes, I have.

Mr. WHERRY. If he has, he should have noted that it does not provide for increasing business to old customers.

Mr. ELLENDER. No. It does not provide for increasing the business of old customers.

Mr. WHERRY. I will read the amendment:

> When the President invokes the powers given him in this act to allocate or approve agreements allocating any material, he shall do so in such manner as to assure each individual business, in the normal channel of distribution of such material, of its fair share of the available civilian supply, based insofar as practicable on the share received by such business during a representative period preceding June 24, 1950.

The amendment would not give an old customer one drop more fuel oil than he previously had. He could not get a drop more unless, if you please, the distributor had an abundant supply, so that if he wanted to give him more he could. But this amendment would guarantee that at least the old customer, on a percentage basis, would get what he was entitled to according to the base period. If 20 percent were lopped off, he would have to take 20 percent less; and that would be his fair share.

Mr. IVES. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. IVES. I am sure this is an amendment which was drafted as a result of the conversation which the distinguished Senator from Nebraska and the Senator from New York had on the floor of the Senate.

Mr. WHERRY. That is correct.

Mr. IVES. I wish to commend the Senator from Nebraska for having prepared this amendment and having offered it.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. WHERRY. I yield. I am sorry not to have been able to yield to the Senator sooner.

Mr. SPARKMAN. That is all right, because I think a full discussion of all these matters is quite helpful, and I believe the objective sought by the Senator from Nebraska is a good one. Some of us have been troubled about the position of businesses which might not be able to establish a base period under the Senator's amendment. We have jotted down certain language which I should like to read and have the Senator follow, to see whether it does not make the very modification he is suggesting, and whether perhaps it might be acceptable to the Senator from Nebraska. The amendment proposes to insert at the same place this language:

> It is the intent of Congress that in allocating materials and in approving agreements allocating materials the President shall, to the maximum extent practicable, make use of the normal channels of business, particularly independent small-business enterprises, and prevent diversions of materials from such normal channels and independent small-business enterprises.

Mr. WHERRY. Mr. President, that language would not be acceptable to the junior Senator from Nebraska. I say that, much as I would like to take it. I believe if I could sit down with the distinguished chairman of the Small Business Committee I could point out why. It would entail much argument. Briefly, it would give discretionary power to the President, insofar as practicable, to do what I am trying to do. I want to make it mandatory that in the allocation of materials they be distributed in the normal channels of trade, in order to eliminate black markets. That is my purpose.

I may say that the expression "as far as practicable" in the last line refers only to the base period, and with that I would go along, because I do not want to provide any base period which is not practicable. Does the Senator see what I mean? I would give unlimited discretion to the President to make that determination. But I simply want to make it mandatory that the normal channels of trade shall be followed in the distribution of the civilian supply of any scarce commodity. I may say to the distinguished Senator that unless that is done, independents will be cut off, time after time, and will be forced to seek new sources of supply. When that is done, they bid up the gray market, and when they bid up the gray market in steel and in gasoline a price is obtained that results in a black-market price to the distributor and, finally, to the retailer. It simply cannot be done.

I say to the distinguished Senator that if there is any reason this afternoon why the committee does not want to vote on this amendment or wants to give it further consideration, though I should like to finsh my remarks on it, I should be glad to have it considered by the committee until tomorrow or until such time as the committee would like to bring it up. But I should like to say as forcefully as I can that the whole

economy of the small independent businessman is at the mercy of those who distribute, if you please, these goods finally down to the retailer.

In the case of voluntary agreements we did the best we could in attempting to get distribution through the normal channels of trade. I am satisfied that the formula we used should be written into the legislation in order to accomplish that purpose and to eradicate as far as possible the black market which always occurs when there is a dislocation at the source of supply.

Mr. CAPEHART, Mr. SPARKMAN, and Mr. MAYBANK addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield; and if so, to whom?

Mr. WHERRY. First, I yield further to the Senator from Alabama, with whom I have been discussing this question, and I will then yield to the Senator from Indiana.

Mr. SPARKMAN. I fully understand the point made by the Senator from Nebraska, that he wants this made mandatory.

Mr. WHERRY. That is correct.

Mr. SPARKMAN. I wonder, then, if the rest of the language I suggested would be acceptable if we drop out the first few words, "It is the intent of Congress," and say, "In making allocations the President shall," and then go on with the rest of the language.

Mr. WHERRY. I have not had an opportunity to look over the language, but if the Senator wants to let it go over until tomorrow, I shall have plenty of time to look it over.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MAYBANK. I want to thank the Senator from Nebraska. I am in thorough accord with his ideas.

Mr. WHERRY. Mr. President, I shall withdraw the amendment at this time and bring it up again later.

The PRESIDING OFFICER. The Senator withdraws his amendment without prejudice.

Mr. WHERRY. I certainly want to withdraw it without prejudice. I thank the Presiding Officer for those words.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. SPARKMAN. I wonder if it would be agreeable to the Senator from Nebraska, in order that we may have the amendments in printed form before us, if I offer my amendment at this time and let it be printed and lie on the table.

Mr. WHERRY. My understanding was that I would confer with the distinguished Senator from Alabama and try to prepare language which would be acceptable to both the Senator from Alabama and the junior Senator from Nebraska, and then the amendment can be offered, if we can agree on the same language. If we cannot agree, then the Senator can offer his amendment and I can offer mine.

Mr. SPARKMAN. Of course, that is perfectly agreeable. I should be very glad to wait and attempt to draft language acceptable to the Senator, and then have it offered as an amendment.

Mr. WHERRY. I understand what the Senator wants. Possibly the best thing to do is to offer it. I shall offer my amendment and ask to have it printed and lie on the table. In the meantime I shall talk with the distinguished Senator from Alabama, and if we can draft language which is satisfactory we can agree and can offer one amendment.

The PRESIDING OFFICER. Then the Senator does not withdraw his amendment for the time being?

Mr. WHERRY. That is correct.

Mr. SPARKMAN. He wishes to have it printed and lie on the table?

Mr. WHERRY. That is correct.

Mr. SPARKMAN. I should like to offer the amendment which I read a few moments ago and ask to have it printed and lie on the table.

The PRESIDING OFFICER. Without objection, the amendments will be printed and lie on the table.

Mr. WHERRY. Mr. President, different industries will have to be administered in different ways. But the formula is there. The intent of Congress is clear. It does not matter whether it concerns fuel oil, newsprint, steel, meat, or anything else, the formula is there, so that those who have been dependent upon an integrated source of supply, will not, when materials become scarce, be shut off because they have no other place to get their supplies. We should not fold up an economy which has already been established.

The incentive for black markets will be eliminated. I say that constructively. I want to agree with the Banking and Currency Committee as to the time or anything else. If they want to offer an amendment, it is all right with me, but I think that when this formula is in actual operation the black markets will be eliminated, in that each segment of our economy will thus be assured of its fair share of the available civilian supply. They may have to take 25 percent less or 50 percent less than they formerly received, but they will not be cut off entirely and have to shut their doors.

This is a formula which was proved in a voluntary allocation period by action of the oil industry. Possibly I should not mention my name, but the formula did go under the name of the Wherry formula. It was a formula of the Small Business Committee, but because I happened to be the chairman my name was attached to the formula. The staff and all who worked with us devised this formula, and I want to give them the credit for it.

The combined Senate and House Small Business Committees, during the last control period, by concurrent resolution, requested that a similar program be instituted for the meat industry.

The American businessman will cooperate with the program rather than seek devious means of avoiding it, because he knows his source of supply will not dwindle and dry up. Then he is not going to worry about going into the black market. The rules of fair play will be evident; and Americans are known for their cooperation when they are getting an even break.

We do not know when the President will invoke the authority granted him. We do not know what Russia's time table may be, and, consequently, we do not know how long these controls will last. We must, therefore, give the President a formula by which he is to control American business. This is a responsibility of Congress which it should never delegate to the executive branch. When we adopt this amendment we shall be able to face the country in the certain knowledge that we have done all within our power to protect the American way of life by having civilian production distributed through the normal channels of trade.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. ELLENDER. Suppose company A has 100,000 tons of steel and distributes that steel among 50 customers over the period of a year, and suppose the allocation were reduced to 60 percent of the prewar quantity: Is it the Senator's intention, by his amendment, to provide that all the 50 customers shall receive 60 percent of what they receive prior to the war?

Mr. WHERRY. It would be that portion which would be left for civilian distribution.

Mr. ELLENDER. I am not speaking of civilian distribution; I am talking about the amount to be allocated.

Mr. WHERRY. I am talking only about civilian distribution. Let us start from there. If the Government agencies, for military or defense purposes, should take 40 percent of the steel and there were no other priorities established by the agency making allocations, then the available supply would be 60 percent of what it was before the allocations were made to the military. On the basis of the period which the President would select the 50 purchasers would be entitled percentagewise to their percentage.

Mr. ELLENDER. So that the 50 companies would take the whole supply?

Mr. WHERRY. The base period might be so established that only those customers who had been purchasing—possibly 25 percent of them had not purchased during the year, but we can set up the base period in any way we want to. We can make it 2 years.

Mr. ELLENDER. Would the Senator make it a particular day?

Mr. WHERRY. That is left up to the President.

Mr. ELLENDER. If only 10 customers out of 50 bought on that one day——

Mr. WHERRY. I would not make it a day, but if the President made it a 6-month period and 40 percent of the customers had been customers for more than 6 months, they would be entitled to a supply. If 10 percent of them had been taken on within 6 months, they would not be entitled to the supply.

Mr. ELLENDER. The distributing concern would not be able to sell to them?

Mr. WHERRY. It would be like a new business: They would have to seek their source of supply wherever they could find it. That is exactly what they will do anyway. The minute the Government takes up 40 percent, the supplier has to look to how he is going to

distribute 60 percent when he used to distribute 100 percent. To whom will he distribute? Will it be to the man who offers more money than the normal channels of trade would pay him in the legal market?

The Senator has raised a very good point, and the answer is right there. The moment they take a new source of supply at a higher price, there is a gray market, and that results in a black market to the retail purchaser.

There is no provision made for new business. There was that difficulty during the last war, and we shall have it during this war, whether we adopt this formula or whether we do not. If there were some way in which allocations could be made for new business it would be very helpful indeed.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MAYBANK. I wonder whether we could dovetail them together.

Mr. WHERRY. I am willing to listen to any suggestion any Senator may desire to offer, but it is a very difficult thing to handle.

I will say, Mr. President, that most of the integrated oil companies—and I want to pay them a high compliment—voluntarily did this during the period of the last war, and they did a magnificent job. The same thing was finally accomplished in other fields. The Senator from Indiana [Mr. CAPEHART] had more to do with it than did any other member of the committee at that time. He did a good job in ironing out a formula.

The same thing was true to a great extent with respect to steel. It was a little more difficult in the case of steel because steel was very scarce. The percentage that was taken for defense was enormous. However, in a large measure it was accomplished in the case of steel.

The same argument was presented relative to meat on the amendment which we discussed yesterday. If we keep the normal supply and the normal production in normal channels of trade, we eliminate the black market. It is when we have a dislocation in the normal supply that black markets spring up all over the country. I hope my amendment or a similar amendment will be placed in the bill, whether it be voluntary or mandatory, so that the normal channels of trade can be assured of supplies and the integrated companies will not take away the normal channels of trade from the small independent companies.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. WHERRY. Yes.

Mr. BRICKER. I wish to say to the Senator from Nebraska that I am also concerned with the stagnation which may come to American business. There is nothing in the formula which would take care of one business which is more essential than another business or which is a growing business. I am thinking of the vast varieties of uses in the fabrication of steel. The needs of society generally may not be satisfied, and the whole program of industry might be curbed or stagnated if no consideration were given to that phase of the allocation problem.

Mr. WHERRY. It has been taken care of in this amendment because the President would be given the authority under the bill to allocate anything in the interest of national defense. He would have authority to allocate anything that is necessary in the interest of national defense down to housing or anything else. That would be taken care of. Therefore, it would not come into the distribution at all. This applies only after all priorities have been set up.

Mr. BRICKER. Mr. President, will the Senator yield further?

Mr. WHERRY. I yield.

Mr. BRICKER. It applies to civilian goods, does it not?

Mr. WHERRY. There would be no priorities on what is left. It would apply to anything in the interest of the war effort or for the defense of the country. It would apply to housing, probably, so far as steel for windows in housing was concerned. That would come under the power given to the President in the interest of national defense. This would apply only to what is left for the civilian economy. If the amendment can be worded any differently——

Mr. BRICKER. Under this formula it would be limited, and after the war would go back into normal production channels?

Mr. WHERRY. If the supply is taken over for war purposes, there would be no allocations for civilian purposes.

Mr. BRICKER. But when the war program is over, do conditions return to those prevailing at the base period?

Mr. WHERRY. The controls would last as long as the President kept them in effect. The minute the controls were taken off the supplier could do as he pleased. So long as allocations remained this amendment would be in full force and effect. The moment controls were taken off it would no longer be in effect.

Mr. BRICKER. I am thinking of the manufacturer of automobiles, for example. If a manufacturer of automobiles should switch to the manufacture of tanks, shells, and other armaments, how would that situation be taken care of at the end of the period?

Mr. WHERRY. I have given most of my attention to the purchases of supplies from an integrated company, but my answer to the Senator's question would be that any company which turned over its facilities to make tanks and materials of war would be compensated by the Government if the contracts were terminated. In other words, they would have to find their own purchasers, just as anyone else would have to do.

Mr. BRICKER. Would the amendment follow down through the various strata of frabrication to the ultimate consumer?

Mr. WHERRY. Absolutely.

I call the Senator's attention to the hearing we had with reference to a blast furnace which was being built either under lease or contract for the Republic Steel Co. in the Senator's own State. He remembers well the hearing we had in reference to that plant. The plant was about to be sold to an automobile manufacturer. It would have taken away the source of supply of at least 200 small foundries in Ohio. The amendment means that integrated companies that have their supply must come right down through the normal channels of trade. I have in mind a packing plant.

A great corporation with many stores in this section of the country, one of the four largest retailers of foods in the United States, went into my State and bought a big packing plant. The corporation bought it for the purpose of increasing their meat supply during the present scarce period, so they could supply their customers in the seaboard States. One cannot blame them for trying to do that. However, this rule applied, and they had first to supply the dealers who were dependent on the big plant through 2 years before they could take any of that product for their use in the seaboard States. I think everyone will agree that is good business, and that it is normal business. They had to take care of the small retailers and the small independent merchants on the percentage basis which had obtained prior to the purchase of the plant before they could take the meat supply and distribute it through their stores.

Mr. CAPEHART. Mr. President, would this amendment apply to all retailers in the Nation?

Mr. WHERRY. The retailers would finally get the benefit of it, although the source of steel, newsprint, fuel oil, and so forth, must make the intermediate steps. That is where our first difficulty comes. However, the retailer would finally get his normal supply under the terms of this amendment.

Mr. CAPEHART. Assuming the manufacture and production of everything in the United States were reduced. We have about 10,000,000 items of production in the United States. Would the amendment require that the President take the 3,800,000 business units in the United States and issue coupon books to them?

Mr. WHERRY. Oh, no. The allocation of steel and the allocation of all such other materials would be done mostly at the source of supply. It would follow normal channels of trade without any difficulty. If a retailer obtained his source of supply from a wholesaler of fuel oil, let us say, in South Bend, Ind., and the wholesaler refused to sell that retailer, he could come before our committee and show cause to the committee, and the committee could make a finding that the retailer, being an old customer, was entitled percentagewise to the same quantity that he received before, instead of having an integrated company process the fuel oil and sell it through a retailer across the street.

Mr. CAPEHART. Would this compel a distributor likewise to allocate his distribution to other retailers?

Mr. WHERRY. Certainly; all the way through.

Mr. CAPEHART. Would it compel the retailer to allocate to the farmers?

Mr. WHERRY. If he were a truck man or an automobile man—and the

Senator is a manufacturer—a wholesaler and a retailer would be entitled percentagewise to the amounts they had obtained during the base period the President would set up. If they should not get it, what would happen? They would take their money and go into the market and pay a bootleg price for it. That is exactly what happens. They would pay either a bootleg or a black-market price. That is what causes the black market. The same applies to meats. If meat is not handled through the normal channels of trade, there will be small packing plants springing up all over the United States. There were 26,000 during the war. They do not use the offal, and the insulin is lost, and the meat is handled on the black market.

If I ever made an appeal in my life for a piece of legislation that I thought was needed, I am making it for the amendment now pending. I may not have the amendment written as the Committee on Banking and Currency would like to have it, and I am perfectly willing to sit down with the committee and attempt to adjust the language to make it satisfactory, but I do not want to adjust the language so that it will defeat the purpose of the formula. If the formula which was successful in voluntary allocations is adopted, I am satisfied it will help make the act successful, if there are mandatory controls, and allocations placed upon the American economy.

Mr. MAYBANK. Mr. President, the Senator from Nebraska postponed the consideration of his amendment until tomorrow, and that is appreciated. Another Senator is going to have an amendment, and I have an amendment which I send to the desk and ask to have printed and held over until tomorrow. The Department of Agriculture and the Commodity Credit Corporation advise me that there are conflicts between the dates of May 24 and June 24. I shall not ask to have the amendment considered this afternoon, but I present it and ask to have it printed and we can consider other amendments this afternoon.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. LUCAS. Mr. President, immediately following the quorum call this afternoon, I discussed with the minority leader, the Senator from Nebraska, the question of a unanimous-consent agreement under which the Senate might vote upon the bill and all amendments thereto. No definite agreement was reached. Several different days were suggested, and I am wondering if we might not explore the situation at the present time to see whether or not we could reach some sort of unanimous-consent agreement to fix a date when we might be able to vote on the amendments and the bill. Insofar as I am concerned, any day is satisfactory with me—tomorrow, the next day, or the next day, certainly sometime soon.

In talking a moment ago with the able junior Senator from California [Mr. KNOWLAND], who is a member of the Committee on Appropriations, he advised me that the phase of the appropriation bill dealing with Federal Security and Labor had been unanimously agreed upon in conference, and there was some indication by the Senator from California, as well as other Senators, at noon, when we were discussing matters before the Democratic policy committee, that the Committee on Appropriations might be able to finish the conference perhaps this week, certainly not later than sometime next week.

As soon as we can act on the conference report on the appropriations bill, and the conference report on the social-security bill, and finish with the pending bill and the conference report on that, and the tax bill, and, as I told the able Senator from Nebraska at noon, the security measures which are now on the Senate calendar, it would be my intention to see if we could not then perhaps make an arrangement for recesses for periods of 3 days at a time.

The PRESIDING OFFICER (Mr. STENNIS in the chair). Will the Senator permit an inquiry from the Chair as to the highway bill?

Mr. LUCAS. I was about to come to that. In the discussion of the various bills by the Democratic Policy Committee it was brought out that perhaps the mineral interest conveyance bill, H. R. 4800, should be considered. I believe the Senator from Delaware [Mr. WILLIAMS] objected to that, and I presume he persists in his objections, and we may be compelled to move to bring the bill before the Senate for consideration.

Then there is H. R. 7941, a bill to extend the Federal aid highways program, and also the possibility of considering H. R. 2734, which amends section 711 of the Clayton Act. There may be a few other bills of a minor nature which are not too important, which we could probably finish before we conclude.

Furthermore, Mr. President, I told the Senator from Nebraska that we would also consider definitely at the proper time, following the disposition of the pending bill and the tax bill, all the different phases of the internal security bills which are on the calendar at the present time.

I have noticed that the Senator from Michigan [Mr. FERGUSON] and the Senator from South Dakota [Mr. MUNDT] have offered an amendment to the pending bill to be known as title VIII, under the caption "Subversive Activities Control Act of 1950." I hope the Senators will not insist upon that amendment to this defense production bill, because, as I told the Senator from Nebraska today, at the proper time we are going to consider all the internal security measures. It seems to me we should consider the Mundt-Ferguson proposal upon its merits, and its merits alone, and not attach it to the important measure we are now considering.

I will say now definitely that if we are asked to proceed with that amendment it will be the intention of the majority leader to oppose with all the strength he has including it in the pending bill. I do not think it belongs on this bill, in view of the fact that we are going to debate all the phases of internal security before the Congress adjourns.

It should be sufficient for any Senator to know that the Mundt-Ferguson bill, any bill which the administration has to offer, the McCarran bill, the internal security bills which are on the calendar, and any other security measure, will probably be discussed at one time and disposed of at one time.

Mr. ELLENDER. Mr. President, I desire to ask the distinguished majority leader about the court picketing bill.

Mr. LUCAS. The policy committee has not considered the picketing bill. The Senator can throw that in when we start talking about security measures. I presume he can bring that up also.

Mr. ELLENDER. If we cannot consider it independently, I propose to follow that course.

Mr. LUCAS. I am in favor of getting all the internal security possible.

Mr. SPARKMAN. Mr. President, will the Senator from Illinois yield?

Mr. LUCAS. I yield to the Senator from Alabama.

Mr. SPARKMAN. The able majority leader may have mentioned this, but I did not hear it. Was anything said about the renegotiation bill? Is it contemplated that Congress will complete action at this session on the renegotiation bill?

Mr. LUCAS. So far as the policy committee is concerned, or so far as the administration is concerned, there has been no discussion of it.

Mr. SPARKMAN. I have received several inquiries, as I presume other Senators have, from a good many small businesses, which are particularly interested in ascertaining whether or not there will be an accelerated depreciation provision. I understood that might be a part of the renegotiation bill.

Mr. LUCAS. It could be. I have not discussed it.

Mr. WHERRY. Mr. President——

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. LUCAS. I yield first to the Senator from Nebraska.

Mr. WHERRY. Mr. President, I talked with the majority leader at the beginning of the session, and I am sure he remembers the colloquy we had, in which I said that the minority was ready and willing to enter into a unanimous-consent agreement at any time when we could arrange for a vote on a day certain. I gave the distinguished majority leader my viewpoint at that time, and told him I would wait until he would make a proposition to us. Since that happened several amendments have been offered. If the majority leader wishes to suggest a day for the votes to be taken I shall be glad to let him know whether the date he suggests is agreeable. I should be glad to talk to him off the floor and try to arrange for a day. I did not know that so many amendments were to be offered to the bill. I still think the date I suggested is satisfactory. I shall be glad to talk with the majority leader off the floor on the subject.

Mr. LUCAS. Let me say to the Senator from Nebraska that insofar as the

majority leader is concerned I am ready to vote tomorrow, or the next day, or the next day. Certain Senators desire to do certain things with respect to engagements they have made some time in the past. They made them probably with the thought, or at least with the hope, that we might be able to get away from Washington on August 1 or August 5. Many Senators have important engagements they obviously would like to fill. It certainly is my intention to accommodate any Senators I possibly can accommodate, but at the same time I should like to move along with the pending bill, because of its importance. It is a war measure. We should move along with it as rapidly and expeditiously as possible. I know the Senator from Nebraska desires to do that. So I say that if we could vote tomorrow on the bill and all amendments thereto I should like to enter into a unanimous-consent agreement to that effect. If that is not possible, I should like to make it the next day, or any day the Senator from Nebraska feels will be acceptable to the Members on his side of the aisle. I have discussed the proposition with various Senators on this side of the aisle, and I doubt if there is any Senator who would not be willing to vote tomorrow night on the bill.

Mr. WHERRY. Mr. President, I did not know that Wednesday was being considered. I believe a unanimous-consent agreement can be arranged for action probably on Thursday or Friday or Monday of next week. I cannot say for sure. However, when I discussed the time for voting I was attempting to suggest a day that was agreeable to both sides. I at least gained the impression that possibly Monday of next week was most agreeable to Senators. But if the Senator from Illinois wants to make a proposition for Thursday or Friday, I shall discuss it with the minority Members and will let him know what is agreeable to them.

Mr. LUCAS. Let me say to the distinguished Senator from Nebraska that either Thursday or Friday of this week is satisfactory to me. We have our Democratic rally, the Governor's Day, in Illinois on Thursday. I had planned to be there. But it will be perfectly all right with me if I miss being there and remain here to vote on the bill on Thursday.

Mr. WHERRY. If the Senator will yield, I will say I am quite satisfied there is going to be considerable debate on the bill.

Mr. LUCAS. I thought the Senator was going to say there would be considerable debate over the speech I intend to make.

Mr. WHERRY. There will probably be a considerable amount of debate about it in Illinois. I should like to skip as much of that as we can at this time.

Mr. LUCAS. The Senator means my speech.

Mr. WHERRY. Yes. The Senator's speech in Illinois can be discussed by the people there.

Mr. LUCAS. I did not think the Senator was coming out there to hear it.

Mr. WHERRY. I did not mean that I was going out there, no. My thought was that there will be considerable discussion of his speech in Illinois, when it is delivered.

Mr. President, I am serious about the proposal for a unanimous-consent agreement. I suggested what I thought was a date most agreeable to all parties concerned. I shall not attempt to work the other side of the aisle. I have enough trouble working my own side. But I am satisfied that Monday of next week would be agreeable now, provided we could vote on all the amendments which have been offered and the amendments which may be offered, and I would even be willing to limit the time for debate to 10 minutes on each amendment, allowing 5 minutes' discussion on each side on each amendment. If that is agreeable we can reach such an agreement now. I shall be glad to canvass the membership on this side of the aisle, and let the Senator from Illinois know whether we can agree to a date earlier than that.

I make that statement because I know Thursday is an important day in Illinois, and I know it is important in other sections of the United States. If it will be of any help, I shall be glad to canvass this side of the aisle to see if we can reach an agreement. I should like the Senator to know that I am just as anxious as he is to get a vote on the bill tomorrow, or the next day, or the next day.

Mr. LUCAS. I want it understood that it is perfectly all right with me, regardless of what day is agreed upon.

Mr. WHERRY. I might be able to work out an agreement for the vote to be had on Thursday, if that is satisfactory to the Senator from Illinois.

Mr. LUCAS. It is satisfactory to me.

Mr. WHERRY. I do not want to hold up action on the bill for 1 minute. I simply want to have an agreement as to the most advantageous time to act.

Mr. President, if the majority leader will permit me to say so, I believe it would be well for him and the minority leader to work out a unanimous-consent agreement, and bring it to the floor of the Senate for action. It ought to be written out so there will be no misunderstanding about it. I shall be glad to do that tomorrow, if it is agreeable to the Senator from Illinois.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. MAYBANK. If an agreement is worked out, as suggested by the Senator from Nebraska, for a vote on the amendments and on the bill itself, with a total of 10 minutes being allowed for discussion of each amendment, that is 5 minutes to each side, then, if the vote is fixed for Monday, the amendments should be printed and should lie on the desk on Friday, as under the rule of the Senate the amendments will have to lie on the desk for 1 day. I do not want amendments to be brought in at the last moment. We should have time to study them.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. WHERRY. I now extend an invitation to the chairman of the Committee on Banking and Currency or to the majority leader, to work out a unanimous-consent agreement, and I want to say that it might be worked out, so far as we are concerned, for tomorrow, if necessary. I shall be glad to spend the intervening time endeavoring to discover whether an agreement can be made for tomorrow.

Mr. MAYBANK. Did the Senator say for tomorrow?

Mr. WHERRY. It might be late tomorrow.

Mr. CAPEHART. We are ready to vote tomorrow.

Mr. WHERRY. I should like to work out an agreement with the majority leader. I want to have it written out. The last time we entered into a unanimous-consent agreement, it was entered into on the floor, and from time to time during the discussion something was added to the proposed agreement, or taken from it, so when we finally got through we did not know just what the agreement contained. I should like to have a written agreement presented to the Senate for its action upon it.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. LANGER. If an agreement is proposed to be entered into to vote tomorrow, I shall object.

Mr. LUCAS. Mr. President, will the Senator please repeat his statement?

Mr. LANGER. If it is proposed that a vote be taken tomorrow, I shall enter an objection.

Mr. CAPEHART. How about Thursday?

Mr. LANGER. That is all right.

Mr. WHERRY. We can eliminate much discussion and misunderstanding if the majority and minority leaders endeavor to work out the agreement.

Mr. MAYBANK. Mr. President, I should like to see the plan the majority and minority leaders work out, for I may have certain objections to raise.

The PRESIDING OFFICER (Mr. STENNIS in the chair). The Chair wishes to announce that no amendment is now pending before the Senate.

Mr. BRICKER. Mr. President, I call up my amendment M.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out all of section 708, commencing on line 7, of page 73, through line 3, on page 74, and to insert:

SEC. 708. (a) The President is authorized to consult with representatives of industry, business, financing, agriculture, labor, and other interests, with a view to encouraging the making by such persons with the approval by the President of voluntary agreements and programs to further the objectives of this act.

(b) No act or omission to act requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the na-

tional defense shall be construed to be within the provisions of the antitrust laws or the Federal Trade Commission Act of the United States.

(c) The authority granted in subsection (b) shall only be delegated upon the condition that such official consult with the Attorney General not less than 10 days before making any request or finding thereunder. For the purpose of carrying out the objectives of title I of this act, the authority granted in subsection (b) of this section shall not be delegated except to a single official of the Government.

(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

Strike all of section 712, commencing on line 20 of page 76 through line 2 on page 79.

Renumber sections 713, 714, 715, and 716 as necessary.

Mr. BRICKER. Mr. President, the amendment is somewhat technical, and I had hesitated to bring up this afternoon any technical or controversial amendments to the bill. However, the main provisions of the amendment are substantially agreed upon.

The amendment eliminates the entire section in regard to removal of voluntary agreements for the allocation of materials from application of the prohibitions of the antitrust laws and the Federal Trade Commission laws, and has the effect of placing such agreements under the mandatory-agreement provisions. I think the amendment clarifies the program. This matter was originally considered in that way, and the other provision was put in as a precaution.

In discussing the matter with the staff of the committee, the staff of my office, and a representative of the Department of Commerce, I have concluded that my amendment provides a better way of handling the matter.

One provision of the amendment is somewhat controversial. In the beginning, the committee included a provision to the effect that before the President makes the allocation orders, under either voluntary agreements or mandatory allocations, he shall consult with the Attorney General; and then provision was added that the President also should consult with the Chairman of the Federal Trade Commission. Of course, both of those officials have some somewhat conflicting and overlapping authority in the field of enforcement of the antitrust laws, as we well know.

The amendment does not require that they approve such agreements or that the President follow their suggestions or that they shall have a veto power over the President's action in this connection or over the arrangements entered into by the industry generally in respect to an allocation program; but the amendment eliminates the requirement for consultation with the Chairman of the Federal Trade Commission.

The provision requiring consultation with the Chairman of the Federal Trade Commission was written in the bill by the committee. I opposed such a provision there, and I can see no reason why the President should be required to confer with the Attorney General and with the Chairman of the Federal Trade Commission before the President signs one of these orders or before an industry is relieved from the obligations under the antitrust laws and the Federal trade laws. I think such a requirement would be needlessly encumbering and would be likely to cause constant conflict between the Attorney General and the Chairman of the Federal Trade Commission. In my opinion, the Attorney General is the chief officer who is charged with enforcement of the antitrust laws, and I do not think we should encumber the President or industry with a requirement that the Chairman of the Federal Trade Commission also be consulted in such cases.

As I have said, I think the other provisions of the amendment are generally acceptable to the committee and to the Department. The provision of the amendment to which I have just referred is its only controversial feature. In regard to it, I stand on one side, and others stand on the other side.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio.

Mr. SPARKMAN. Mr. President, I am in accord with the Senator from Ohio insofar as he seeks to combine these two provisions of the bill. The only point at issue, as the Senator from Ohio has stated, is the question of leaving out the provision with respect to consultation with the Chairman of the Federal Trade Commission.

If the Senator from Ohio would agree to reinsert the name of the Chairman of the Federal Trade Commission in the two places in the bill where it would be omitted under the provisions of his amendment, then I would raise no question about the amendment and I would hope that no other Senator on this side would do so, because I think the amendment then would be a good solution in respect to combining the two sections which some of us have felt might be construed as contradictory or to some extent conflicting with each other.

Mr. BRICKER. I do not wish to consent to such a modification of my amendment, and I will vote "no" if the Senator from Alabama offers such an amendment to mine.

Mr. SPARKMAN. Mr. President, I shall offer such an amendment to the Senator's amendment.

As a matter of fact, I should prefer that we have the language of the House bill in this particular section. The House bill provides exactly what I tried to have included in our bill in the committee, in that the House bill provides that the consultation shall be with the Attorney General and with the Chairman of the Federal Trade Commission, and that any notice served on the Attorney General as to the withdrawal or the setting up of an agreement shall likewise be served upon the Chairman of the Federal Trade Commission.

As the Senator from Ohio will recall, I offered an amendment to the effect that if the Attorney General and the Chairman of the Federal Trade Commission differ in their interpretations in regard to any ruling which they believe should be made, the President then shall decide as between them, and also that in normal cases these shall be publication of the findings in the Federal Register.

In the committee, the Senator from Ohio argued against that suggestion, doing so with such force and, I feared, so effectively, that I withdrew the amendment before it was voted on in the committee, and I said I would be content to rest with the insertion of the words "Chairman of the Federal Trade Commission," in the proper places in this measure.

I understand the objection of the distinguished Senator from Ohio to this provision, of course. I wish to state my position, because I am just as convinced that my viewpoint is right as he is convinced that his viewpoint is right.

Congress has seen fit to give to the Department of Justice certain parts of the jurisdiction in respect to antitrust matters, and Congress has seen fit to give to the Federal Trade Commission other parts of that jurisdiction.

To state the matter briefly, let me say that the Department of Justice looks after the criminal features regarding prosecutions or suits for violation of the various antitrust laws, and the Federal Trade Commission looks after such matters on the civil side. The farthest the Federal Trade Commission can go in its orders is, I believe, to order that those engaging in certain practices cease and desist them.

Mr. BRICKER. The Federal Trade Commission also can go into court in order to have such orders enforced.

Mr. SPARKMAN. Yes; to have its orders to cease and desist enforced.

However, the Federal Trade Commission has no power in regard to criminal prosecutions in that connection.

Mr. President, a great deal of dissatisfaction was expressed in regard to the idea of putting in this bill or any other bill a provision to exempt such agreements from the operations of the antitrust laws. We had before our committee some testimony in opposition to that proposal. I am sure every Senator has received many letters on the subject. I have received some very strong protests from various small-business organizations and from many small businesses over the country which are afraid of agreements which in ordinary times might have the effect of squeezing them out or of damaging them in their efforts to keep up with the sharp competition in business. They are, therefore, afraid of anything being done which would take away from them that mantle of protection. I believe that the way we have written it and the way it is proposed to be written through the amendment offered by the Senator from Ohio, provided he will include those two little safeguards, no small-business concern in this country ought to be afraid. I am a strong believer in the voluntary agreements. As a matter of fact, in the Eightieth Congress, when the plan was before us to provide for voluntary allocations and to exempt such agreements from the antitrust provisions, I supported that measure. I received some criticism for having supported it, but I still believe that it was

right, and I believe it is right to include it in this bill. I want to see as much worked out as we possibly can in the way of voluntary agreements and to carry them into effect, yet I know that many businesses in this country, particularly small businesses, are afraid of this thing being put into effect. Merely by inserting these two little safeguards they will be given a much better feeling of assurance. I do not believe it would create any friction.

As a matter of fact, I have in my files a letter from the Attorney General of the United States written to Representative CELLER, of the House of Representatives, who had made inquiry regarding this matter when this bill was under discussion in the House of Representatives. In his letter the Attorney General joined in the request that the Chairman of the Federal Trade Commission be included at these two places in the bill, in accordance with the manner in which the Senate committee included it. Certainly, if the Attorney General were at all afraid that there would be friction, he would not agree to this suggestion. I should like to read a few excerpts from his letter, which was dated August 2, 1950, and was addressed to the Honorable EMANUEL CELLER, chairman of the Committee on the Judiciary, of the House of Representatives:

At a conference yesterday with representatives of the Antitrust Division, you asked that this Department express its views with respect to certain proposed amendments to subsections (a) and (b) of section 508, of H. R. 9176—

I may say that is the section to which the Senator's amendment is offered. The Attorney General sets out those proposed amendments, adding the Chairman of the Federal Trade Commission, and says:

In view of the Attorney General's responsibility for the enforcement of the antitrust laws and his close familiarity with the operation of the Federal Trade Commission Act as well, both by virtue of his position as the chief law officer of the Government and his direct responsibility for enforcement of orders entered under the latter act, we are satisfied that the Attorney General could discharge his responsibilities under the provision requiring his review of proposed exemptions, and that he could do so promptly, effectively, and without delaying the administration of the program contemplated by the Defense Production Act. This view is supported by our experience in the administration of similar statutes during World War II.

Considering the importance of the matter in question, the provision of it leaving the final decision to the President in the event of objection also seems desirable in principle.

Mr. President, I regret that I have really read the part which pertains to the amendment which I offered and which I later withdrew in committee, which the Attorney General asked. But in this same letter he proposes the other two amendments—that is, that we include the Chairman of the Federal Trade Commission—and he asks further that it be included in the Defense Production Act.

It seems to me that he has indicated clearly in the letter that he is not afraid of any friction developing between the Department of Justice and the Federal Trade Commission in administering the respective parts that belong to each.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. BRICKER. Is not the Attorney General the official legal adviser for the Federal Trade Commission, aside from its inner-office activities?

Mr. SPARKMAN. I suppose he is, in the same sense that he is the official legal adviser to all Government departments.

Mr. BRICKER. To all Government departments.

Mr. SPARKMAN. That is true. And yet the Senator knows, of course, and I am sure he will agree with me, that every department and agency looks to its own legal department for its operations. The only thing about this, as I see it, is that the Department of Justice, and particularly the Antitrust Division, is concerned primarily with prosecutions, not with studies of acts which fall short of criminal liability.

Mr. BRICKER. But the Attorney General is not excluded from the jurisdiction to bring a civil suit.

Mr. SPARKMAN. He is not, and yet it is not primarily the function of the Department of Justice, and the Attorney General recognizes it in asking that the Chairman of the Federal Trade Commission be associated with him in these two respects only. It is notice to the Federal Trade Commission of what is contemplated in the way of consultation with the Attorney General. There is nothing here to show he does not agree.

Mr. BRICKER. I would not object to the Chairman of the Federal Trade Commission being notified of any agreements; in fact, I think he ought to be. But I should object to his having to be consulted as a prerequisite to any rule or order of the President concerning any allocation agreement.

Mr. SPARKMAN. My attention has been called to the fact that the way the Senator has his amendment drawn there is only one place at which it could be inserted in the bill, and that the notification provision is no longer a part of it, but that the consultation is. It would be my intention to offer to amend the Senator's amendment, on page 2, in line 12, after the words "the Attorney General", by inserting "and with the Chairman of the Federal Trade Commission." I ask the Senator from Ohio whether it was his intention also to omit from his amendment the requirement that notice be published in the Federal Register.

Mr. BRICKER. If the agreement were entered into, yes. I read from the amendment:

The authority granted in subsection (b) shall only be delegated upon the condition that such official consult with the Attorney General not less than 10 days before making any request or finding thereunder. For the purpose of carrying out the objectives of title I of this act, the authority granted in subsection (b) of this section shall not be delegated except to a single official of the Government.

I think notice would have to be filed in the Federal Register, anyway, under the other provision of the act. This brings the voluntary agreements in keeping with the orders of the President.

Mr. SPARKMAN. As I recall, in section 708 (a) of the committee bill, not the Senator's amendment, there is a requirement that notice be published in the Federal Register. I merely wonder whether the Senator intended to omit that.

Mr. BRICKER. The Senator refers to section 708.

Mr. SPARKMAN. On page 73 of the bill, section 708 (a), line 16.

Mr. BRICKER. The President has the right to accept it if he cares to. I did not think it was either essential or important, so far as the amendment is concerned. It would not make it any more valid. It is no better public notice than to put it in the public press, possibly not even as good public notice.

Mr. SPARKMAN. As I understand the Senator's amendment, it strikes out section 712 of the bill.

Mr. BRICKER. That is correct.

Mr. SPARKMAN. In section 712 we have a requirement that it be published in the Federal Register. As I say, I have no strong feelings with regard to it, but it seems to me it should be published in the Federal Register.

Mr. BRICKER. I have no objection to that at all. I simply thought it was not essential or necessary to do it.

Mr. SPARKMAN. It seems to me that there should be a requirement that it be published in the Federal Register.

Mr. BRICKER. I shall be glad to accept such a modification, and I would so modify my amendment as to require publication in the Federal Register.

Has the Senator submitted an amendment?

Mr. SPARKMAN. No. I should be glad to, or to have the Senator submit one.

Mr. President, I ask unanimous consent to modify the amendment offered by the Senator from Ohio by inserting in line 19, on page 2, of the Senator's amendment, after the word "hereunder," the words "and publication in the Federal Register thereof."

Mr. BRICKER. I accepted that modification.

Mr. SPARKMAN. Mr. President, I should like to offer a further modification, which I hope the Senator will accept. On line 12, page 2, of the Senator's amendment, after the words "Attorney General," I suggest the insertion of the words "and with the chairman of the Federal Trade Commission."

Mr. BRICKER. I shall be glad to have that put to a vote, but I do not accept it.

The PRESIDING OFFICER (Mr. LEHMAN in the chair). The question is on agreeing to the amendment offered by the Senator from Alabama to the amendment offered by the Senator from Ohio.

Mr. KNOWLAND. Mr. President, may the amendment be stated?

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. In the amendment of Mr. BRICKER on page 2, line 12, it is proposed to insert after the words "Attorney General" the words "and with the Chairman of the Federal Trade Commission."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama to the amendment of the Senator from Ohio.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from Ohio as amended.

Mr. SPARKMAN. Mr. President, I should like to ask the Senator from Ohio one further question. My attention has been called to the fact that the reference to publication in the Federal Register ought to occur in two places in the amendment. If the Senator will look at page 73 of the bill, in section 708 (a), line 16, he will see that there is a provision in that section which reads as follows: "and it shall be published in the Federal Register."

Just before that it is provided as follows:

A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register.

I wonder if the Senator would be agreeable to accepting that language.

Mr. BRICKER. I shall be glad to accept that amendment.

Mr. SPARKMAN. I offer that further modification, Mr. President, that on page 2 of the amendment of the Senator from Ohio, in line 9, after the words "United States," there be inserted a new sentence——

Mr. BRICKER. That is where it was put in before.

Mr. SPARKMAN. No; it was in line 19. I am now referring to line 9.

Mr. President, if it is acceptable to the Senator from Ohio, I should like to insert the sentence which is in the bill on page 73, which brings it into line, so far as notice is concerned.

Mr. BRICKER. I thought that was what was amended awhile ago. Is it to be inserted at the end of paragraph (b), in line 9, page 2, of my amendment?

Mr. SPARKMAN. Yes. I should like to have the Senator refer to the sentence on page 73 of the bill, which, if it is acceptable to him, I should like to add at the point in his amendment to which I have referred.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BRICKER. I yield.

Mr. CAPEHART. The Senator from Alabama wants to insert after the words "United States", the language of section 708 (a) down through line 18.

Mr. SPARKMAN. That is correct.

Mr. BRICKER. That is in regard to the filing with the Attorney General and the Federal Trade Commission and publishing in the Federal Register, beginning at line 12, and ending with line 18.

Mr. SPARKMAN. That is correct.

Mr. BRICKER. That is satisfactory. It would read as follows:

A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

Mr. SPARKMAN. That is correct.

There should be such a sentence added to subsection (b) of the Senator's amendment.

Mr. BRICKER. I accept the modification.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio, as amended, and modified.

The amendment, as amended and modified, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CAPEHART. Mr. President, there does not seem to be any Senator on our side of the aisle who has any further amendments to offer or who cares to speak.

Mr. MAYBANK. Mr. President, the Senator from Washington [Mr. MAGNUSON] has a 5-minute speech which he would like to make.

Mr. CAPEHART. I shall be very happy to listen to it.

TRADE BETWEEN ENGLAND AND RUSSIA

Mr. MAGNUSON. Mr. President, from the first shot at the thirty-eighth parallel last June 26, the United States never has had any misapprehension that this is a situation which calls now, not eventually, for total preparedness. There will be no half measures taken by the Communist aggressors; there can be none taken by us.

The peril created by Soviet armed aggression in Korea cannot be stressed too heavily.

The Soviet Union's hand becomes exposed more clearly each day in the Korean conflict. There is a constant threat, in Asia as well as in Europe, that a similar outbreak will occur. As long as our strength grows in the one area where our forces are committed, Soviet purposes will be served by setting aflame, either as an attempt to divert our forces or to probe for the weak link in freedom's chain.

I am attempting to be dispassionate. But the situation is grave, and only a corner of Russia's strategy so far has been unfolded. The maneuvers of Jacob Malik in the United Nations Security Council and his propagandist tirades against the United States within the past week have helped fill in communism's ominous design.

The Soviet Union is strong, not only in its own resources but also in the manpower and wealth it can extract from its satellites. The United States, we believe, is stronger. We do not have satellites. We neither pretend to pull the strings, nor do we want to pull the strings of puppets. Our strength derives from the willing support of other members of the United Nations, which like us, believe in peace. So far, many of these nations either have failed to recognize how great the danger is, or have failed to meet their responsibilities. War materials for Communist China still flow from British Hongkong. Rubber, copper, lead, tin, and machinery, all of which are potential weapons to add to our danger and intensify our sacrifices, are exported under British license to Red China.

Britain continues to play into Communist hands by its insistence on recognizing Red China, despite the fact that Communist China refuses to grant her recognition. It should be clear even to British statesmen that Red China is a puppet of the power which is trying to throttle Britain's own way of life. That power is Soviet Russia.

Mr. President, in addition to dealing with Red China while our troops are fighting and dying in nearby Korea, according to the best information available Great Britain is apparently also dealing directly with Soviet Russia, which is the arsenal of its North Korean puppet. She is sending to Russia valuable machinery, thus augmenting Russian industry, and is supplying the machinery in exchange for Soviet crab meat, which Britain, in turn, is trying to dump on us. Only yesterday the British attempted to unload on us 160,000 pounds of Soviet-produced crab meat, which it now owns by reason of its barter deal in supplying Russia with British-made machinery. There has been some suggestion made, by those who apparently are not completely informed of the facts, that this crab meat is a direct sale in our country in violation of tariff provisions or because we do not have proper tariff prohibitions against such shipments directly from Russia. However, it is a British attempt to sell us the crab meat.

Longshoremen in New York refused to handle the shipment last week, and news dispatches say the British freighter with the crab meat aboard has moved on to Boston. I think it can be taken for granted that British efforts to dump the shipment of crab meat on us will continue. It seems to be adding insult to injury. It is surely playing Russia's game not only by helping to build Russia's industrial potential, but by trying to unload Russian products in this country in competition with America's own struggling fisheries industries. This is not a mark of friendship or of unity between two great English-speaking democracies. It seems to be cold-blooded British commercialism.

Mr. President, the time has come to ask: Is Britain on the side of the democracies, or is Britain straddling the issue, waiting to see where her pocketbook will best be served? If Great Britain continues to put trade above our united efforts in the war she will become, unfortunately, a bad risk. We hope such situations will not continue, because we know the heart of the British people is entirely different. However, if these instances continue, and until Great Britain recognizes the fact that the lives of our boys and the lives of boys of other members of the United Nations are more important than the profits of her traders, she should not be qualified to receive further military or economic support from this country.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system

of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Mr. CAPEHART. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. STENNIS in the chair). The Clerk will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hendrickson	Morse
Anderson	Hickenlooper	Mundt
Benton	Hill	Murray
Brewster	Hoey	Myers
Bricker	Holland	Neely
Butler	Humphrey	O'Conor
Byrd	Hunt	O'Mahoney
Capehart	Ives	Pepper
Chapman	Johnson, Colo.	Robertson
Chavez	Johnson, Tex.	Russell
Connally	Johnston, S. C.	Saltonstall
Cordon	Kefauver	Schoeppel
Darby	Kem	Smith, Maine
Donnell	Kerr	Smith, N. J.
Douglas	Kilgore	Sparkman
Downey	Knowland	Stennis
Dworshak	Langer	Taft
Eastland	Lehman	Thomas, Okla.
Ecton	Lodge	Thomas, Utah
Ellender	Long	Thye
Ferguson	Lucas	Tydings
Frear	McCarran	Watkins
Fulbright	McKellar	Wherry
George	McMahon	Wiley
Gillette	Magnuson	Williams
Graham	Malone	Withers
Green	Martin	Young
Gurney	Maybank	
Hayden	Millikin	

The PRESIDING OFFICER. A quorum is present. The bill is open to further amendment.

Mr. MAYBANK. Mr. President, I was about to address the distinguished minority leader, because we have been working for some time, I might say for some days, in an effort to complete the legislation we are considering, for the benefit of the people of the United States. Every day we delay means that much more harm done to the people. It is my belief that we can work out a unanimous-consent agreement, and I believe that is why the Senator from Indiana called for a quorum.

I have been in conference with the Senator from Nebraska and with the Parliamentarian in the hope that something might be prepared looking to a final vote on the bill. I appreciate, as does every other Senator, that many Senators have engagements, but the issues before us in this bill are far more important than any engagement any Senator may have.

The President wrote to the Banking and Currency Committee that time was of the essence. The committee have been considering the bill since the 19th of July. We were hopeful that the bill would be passed as the committee reported it, and that whatever amendments were desired, could be voted upon separately. Whatever sections of the bill the Senate wishes to vote up or down can be voted up or down, but I think something should be done as soon as possible. With that understanding I have conferred with the minority leader and we have prepared a unanimous-consent request which I ask to have read.

The PRESIDING OFFICER. The unanimous-consent request will be read.

The legislative clerk read as follows:

Ordered, That after the hour of 1 o'clock p. m. on the calendar day of Friday, August 18, 1950, during the further consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, debate upon any amendment or motion (including appeals) that may be pending or that may be thereafter proposed including the amendment proposed today by Mr. MUNDT (for himself and Mr. FERGUSON), and upon the bill itself shall be limited to not exceeding 10 minutes, to be equally divided and controlled, respectively, by the mover of such amendment or motion and the chairman of the Committee on Banking and Currency [Mr. MAYBANK]: *Provided,* That amendments intended to be proposed submitted hereafter shall be germane to the subject matter of the said bill.

Mr. MAYBANK. I may say that that is a simple agreement satisfactory to the distinguished minority leader and myself, after discussion with the Parliamentarian, subject, of course, to the wishes of the Senate. Of course, the time would be divided between the present ranking Republican member of the Committee on Banking and Currency, the Senator from Indiana [Mr. CAPEHART], and myself. We are hopeful that the agreement may be entered into, because if we go over another weekend without passing the bill, it might be that it will not be passed until another week has passed.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. WHERRY. I do not believe the unanimous-consent request included that we were to start voting on all amendments at 1 o'clock on Friday. I did not hear any such provision read. Does the unanimous-consent request mean that, or do we vote on amendments prior to 1 o'clock.

The PRESIDING OFFICER. That is when limitation of debate would begin.

Mr. WHERRY. There should be no vote on any amendments prior to 1 o'clock. If we are to enter into the unanimous consent agreement I should like to have that provision included.

Mr. MAYBANK. The agreement was that there be no votes between 12 and 1 o'clock, but that the time between 12 and 1 be left open for routine matters being presented for the RECORD.

Mr. WHERRY. I should like to have the unanimous consent request modified to include the proviso that voting on all amendments shall begin at 1 o'clock, and not prior thereto.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. TAFT. The Senator does not mean that we may not vote on amendments tomorrow.

Mr. WHERRY. I certainly do. We should have a unanimous consent agreement to vote on all amendments beginning at 1 o'clock, and Senators will be put on notice to that effect. We can then discuss the bill from now until 1 o'clock Friday, but Friday at 1 o'clock we begin voting on all amendments. That is the only proper way to enter into a unanimous-consent agreement. Then every Senator will know when we are going to vote on all the amendments.

Mr. President, the time is limited to 10 minutes on each amendment. That should be made plain to every Senator. That means only 5 minutes to each side, including the debate on the bill itself. That is contained in the agreement.

Mr. MAYBANK. Mr. President, the distinguished Senator from Nebraska understands that between now and 1 o'clock on Friday unlimited time will be given to debating the amendments.

Mr. WHERRY. Certainly; or for debate on anything.

Mr. MAYBANK. Yes.

Mr. WHERRY. But no votes are to be had on any amendments until 1 o'clock on Friday.

The PRESIDING OFFICER. May the Chair make an inquiry? Do the two Senators agree on amending the request to cover the point expressly that there shall be no vote until 1 o'clock on Friday? The Chair understands that is agreed upon.

Mr. FERGUSON. I should like to inquire whether it is understood that the limitation of debate will begin at 1 o'clock on Friday; that no vote will be taken prior to that, but that votes will be taken after 1 o'clock, following the debate?

Mr. WHERRY. Yes.

The PRESIDING OFFICER. The Chair so understands.

Mr. MAYBANK. Unlimited debate may be had until 1 o'clock on Friday.

Mr. SPARKMAN. Mr. President, will the Senator yield for a question?

Mr. MAYBANK. I yield for a question.

Mr. SPARKMAN. It is not included in the unanimous consent request, and I am not even suggesting that it should be there, but I believe it would be well, and I think we all might express the hope, that any Senator having an amendment to offer would offer it by the time the Senate takes a recess on Thursday.

Mr. WHERRY. No.

Mr. SPARKMAN. I say there should be no such requirement, but I think it would be a good thing for Senators having amendments to offer, at least to let them be printed and lie on the table so that other Senators would be familiar with them.

The PRESIDING OFFICER. That is a request, but not a part of the unanimous consent request.

Is there objection to the unanimous consent request?

Mr. NEELY. Mr. President, reserving the right to object, please let me urge that we vote on Thursday instead of Friday for the following reason: The annual convention of the Young Democratic Clubs of West Virginia will be

held in Huntington from next Thursday morning until next Saturday night. The distinguished Senator from Alabama [Mr. SPARKMAN] has been advertised as the convention's speaker for Friday afternoon. The able senior Senator from West Virginia [Mr. KILGORE] will also address the convention on that day.

Speaking not only for myself, but for the thousands of other West Virginians who will attend the convention in the hope of hearing these eminent senatorial orators I entreat the Senate to vote on the pending bill on Thursday, or postpone its final action until next Monday.

Mr. MAYBANK. Mr. President, I want to say to the distinguished Senator from West Virginia [Mr. NEELY], for whom we all have the greatest affection, and to his distinguished colleague [Mr. KILGORE], and to my good friend from Alabama [Mr. SPARKMAN], who is a member of the Banking and Currency Committee, that we were hopeful we could finish the proposed legislation this week. The Senator from West Virginia suggested that we vote tomorrow. Unfortunately the Senator from Nebraska put off offering his amendments until tomorrow, and I put off mine also. I sent them to the desk this afternoon to be printed. I do not see exactly how we can possibly vote on those amendments until Friday.

We have discussed the matter, and I hope the Senator from West Virginia will agree to the proposal to vote on Friday. I also have been invited to speak on Friday, and refused the invitation. I do not know how the Senator from Alabama fels about the matter. If we can complete action on this bill this week we will move far toward a reasonably early recess.

The Senator from Georgia [Mr. GEORGE] is waiting to bring up a tax bill from the Finance Committee. Matters are being brought in from other committees. I hope action on the pending bill will not be put off over the week end, because then consideration of the bill will be continued into next week, thus causing considerable delay.

Mr. KILGORE. Mr. President, reserving the right to object, I wonder why we cannot vote on the bill on Thursday. Considerable time has already been used in debating the bill. It seems to me that it already has been considered rather thoroughly. So I cannot understand why an extra day is required and why Friday is selected as the day for the vote to be taken. It seems to me that, in all fairness, an arrangement should be made to have the vote taken on Thursday.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. WHERRY. The answer to the question posed by the distinguished Senator from West Virginia is that a few minutes ago the distinguished majority leader, the Senator from Illinois [Mr. LUCAS], said he would like to go to Illinois to address a Democratic convention there; I think it is to be a meeting at the State fair, and I think he regards it as a very important meeting.

The exact date when the vote is taken is immaterial to me. If we worked hard enough and long enough, I think we might be able to persuade Senators to cancel any conflicting engagements and to enter into a unanimous-consent agreement to have the vote taken earlier in the week.

However, at the suggestion of the distinguished majority leader, we contacted everyone concerned, and finally we worked out agreement to have the vote taken on Friday.

I am willing to try to work out an agreement to have the vote taken tomorrow, so far as that is concerned. However, certainly all Senators realize that there are a number of amendments, many of which have not yet even been offered, and they would not have much chance to be debated—especially the amendment relating to the handling of supplies through the normal channels of trade—if we were to advance the date for the vote on the bill.

I have a press report to the effect that the majority leader said that after a meeting of the Democratic policy committee he hoped to obtain agreement to have the vote taken on Monday on the economic-control bill. I wonder whether that statement to the press was made after the agreement now before us was proposed.

In any event, I am agreeable to having the Senate reach an agreement which will be acceptable to everyone concerned.

Mr. SPARKMAN. Mr. President, the distinguished Senator from West Virginia has suggested that I am scheduled to speak at a meeting of the Young Democrats in West Virginia on Friday afternoon. I wish to say that when I accepted the invitation, some 2 months ago, I thought I would be going to that meeting directly from Alabama, and that the Senate would not then be in session.

I wish to say that during the time I have been in Congress I have never requested the postponement of a vote on any measure by reason of my being absent; nor have I ever objected to a proposed unanimous-consent agreement, even though it required me to cancel an engagement.

I also wish to make it very clear that I have not made any such request at this time.

Naturally I have looked forward with great interest to the meeting in West Virginia. I always look forward with pleasure and interest to any meeting with good Democrats, and my appetite has been particularly whetted by the statement of the distinguished Senator from West Virginia that there will be 9,000 or 10,000 good Democrats at the meeting in West Virginia. Naturally I should like to be there, but I wish the RECORD to show that I am not asking that the arrangement now proposed be changed because of my situation.

Mr. NEELY. Mr. President, the junior Senator from West Virginia knows nothing whatever about the observations which were made by the distinguished senior Senator from Illinois [Mr. LUCAS] except what was stated a moment ago by the distinguished minority leader [Mr. WHERRY]. I did not know that the Senator from Illinois had suggested that the vote on the bill be cast on Monday. Personally, I prefer that the Senate dispose of this important matter tomorrow or Thursday. I do not wish to delay action. But in my opinion, except the saving of immortal souls, the most important thing this side of the grave to the people of the world is the success of the Democratic Party in the approaching election. The success of the Democratic Party in the Nation is largely dependent upon its success in West Virginia. The Democratic success in West Virginia is largely dependent upon the speech which the Senator from Alabama [Mr. SPARKMAN] has promised to deliver in Huntington next Friday.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MAYBANK. I wish to say that the success of the Democratic Party in South Carolina has already been assured.

Mr. NEELY. Unhappily, in West Virginia we do not complete our voting until November. Although the political situation in West Virginia is highly satisfactory it nevertheless requires the formality of ratification at the polls.

Mr. President, let me entreat the Senator from South Carolina in behalf of the Democratic Party and the prosperity and happiness of the world, to postpone the proposed consent agreement until tomorrow. In the meantime let us negotiate with the always accommodating, lovable leader of the minority, the distinguished Senator from Nebraska [Mr. WHERRY], an arrangement by means of which we can vote on the bill on Thursday instead of Friday.

Mr. MAYBANK. Mr. President, I have conferred with the minority leader, and I should like to amend the proposed unanimous-consent agreement by substituting the word "Monday" for the word "Friday." I hope that change will be agreeable to everyone concerned.

So I modify the unanimous-consent agreement by striking out the word "Friday" and inserting the word "Monday," so as to provide that the vote be taken on Monday next at 1 o'clock.

The PRESIDING OFFICER. The Senator from South Carolina has modified the proposed unanimous-consent agreement by substituting the word "Monday" for the word "Friday"; otherwise the requested unanimous-consent agreement is the same as when previously proposed.

Is there objection to the unanimous-consent agreement as now proposed? The Chair hears none, and it is so ordered.

The unanimous-consent agreement as entered into is, as follows:

Ordered, That after the hour of 1 o'clock p. m. on the calendar day of Monday, August 21, 1950, during the further consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, debate upon any amendment or motion (including appeals) that may be pending or that may be

thereafter proposed, including the amendment proposed today by Mr. MUNDT (for himself and Mr. FERGUSON), and upon the bill itself shall be limited to not exceeding 10 minutes, to be equally divided and controlled, respectively, by the mover of such amendment or motion and the chairman of the Committee on Banking and Currency [Mr. MAYBANK]: *Provided,* That amendments intended to be proposed, submitted hereafter, shall be germane to the subject matter of the said bill: *Provided further,* That no vote on any amendment or motion shall be had prior to said hour of 1 o'clock p. m. on Monday next.

EXECUTIVE SESSION

Mr. MAYBANK. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. STENNIS in the chair) laid before the Senate a message from the President of the United States submitting sundry nominations, which were referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDING OFFICER. If there be no reports of committees, the clerk will call the executive calendar.

TREATY

The treaty, Executive K (80th Cong., 2d sess.), a treaty of extradition between the United States of America and the Union of South Africa, was announced as first in order.

Mr. MAYBANK. Mr. President, I ask that the treaty be passed over.

The PRESIDING OFFICER. Without objection, the treaty will be passed over.

The nominations on the calendar will be stated.

ADVISORY BOARD FOR THE POST OFFICE DEPARTMENT—NOMINATION PASSED OVER

The Chief Clerk read the nomination of Morris L. Ernst, of New York, to be a member of the Advisory Board for the Post Office Department.

The PRESIDING OFFICER. Without objection——

Mr. WHERRY. Mr. President, because of the confusion existing in the Chamber, it has been difficult to hear; but do I correctly understand that the nomination of Morris L. Ernst has just been stated?

The PRESIDING OFFICER. That is correct.

The Senate will be in order, so that all Senators may understand the business being transacted.

Mr. MAYBANK. That nomination has been stated and is before the Senate now, as I understand.

Mr. WHERRY. Mr. President, I ask that the nomination be passed over, and that we proceed to take up the new reports on the executive calendar.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

The clerk will state the new reports on the executive calendar.

UNITED STATES DISTRICT JUDGE

The Chief Clerk read the nomination of Thomas H. Roberts to be United States district judge for the district of Puerto Rico.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES ATTORNEY

The Chief Clerk read the nomination of Harvey L. Carey to be United States attorney for the western district of Louisiana.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES MARSHAL

The Chief Clerk read the nomination of Leo A. Casey to be United States marshal for the northern district of West Virginia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That concludes the nominations on the calendar.

Mr. WHERRY obtained the floor.

Mr. MAYBANK. Mr. President, will the Senator from Nebraska, the distinguished minority leader, yield to the Senator from Texas for the purpose of calling up a treaty which is on the executive calendar?

Mr. WHERRY. I yield.

The PRESIDING OFFICER. The Senator from Texas is recognized.

EXTRADITION TREATY WITH UNION OF SOUTH AFRICA

Mr. CONNALLY. Mr. President, the treaty on the calendar is not of a great deal of importance. It is a treaty with the Union of South Africa and relates to extradition. I see no reason why it should not be considered at this time.

Mr. WHERRY. Very well; I have no objection to its immediate consideration.

The Senate, as in Committee of the Whole, proceeded to consider the treaty (Executive K, 80th Cong., 2d sess.), a treaty of extradition between the United States of America and the Union of South Africa, signed at Washington on December 18, 1947, which was read the second time, as follows:

TREATY OF EXTRADITION WITH THE UNION OF SOUTH AFRICA

The President of the United States of America,

And His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the Seas, acting for the Union of South Africa,

Desiring to make more adequate provision for the reciprocal extradition of criminals,

Have resolved to conclude a Treaty for that purpose, and to that end have appointed as their plenipotentiaries,

The President of the United States of America:

Robert A. Lovett, Acting Secretary of State of the United States of America;

and

His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the Seas, for the Union of South Africa:

Harry Thomson Andrews, Envoy Extraordinary and Minister Plenipotentiary of the Union of South Africa at Washington;

Who, having communicated their full powers, found in good and due form, have agreed as follows:

ARTICLE 1

The High Contracting Parties engage to deliver up to each other, under certain circumstances and conditions stated in the present Treaty, those persons who, being accused or convicted of any of the crimes or offences enumerated in article 3, committed within the jurisdiction of the one Party, shall be found within the territory of the other Party.

ARTICLE 2

For the purposes of the present Treaty:

(a) the territory of His Majesty shall be deemed to be the Union of South Africa together with any territory at any time under the jurisdiction of His Majesty's Government in the Union of South Africa whether as mandated territory, protectorate, or otherwise, if said Treaty is extended to that territory under Article 14; and

(b) the territory of the United States of America shall be deemed to be all territory wherever situated belonging to the United States of America, including its dependencies and all other territories under its exclusive administration or control.

ARTICLE 3

Extradition shall be reciprocally granted for the following crimes or offences:

1. Murder, or attempt or conspiracy to murder.
2. Culpable homicide or manslaughter.
3. Assault with intent to do grievous bodily harm; maliciously wounding or inflicting grievous bodily harm.
4. Any act done with intent to endanger the safety or lives of persons travelling upon a railway.
5. Abortion or attempted abortion.
6. Rape.
7. Indecent assault.
8. Unlawful carnal knowledge, or any attempt to have unlawful carnal knowledge, of a girl under sixteen years of age.
9. Abduction.
10. Procuration, i. e., the procuring even with her own consent of a woman or girl under age for immoral purposes or of a woman or girl over age, to become a common prostitute, or the procuring, by threats, intimidation or false pretences of a woman or girl to have unlawful carnal connection, provided that such crime or offence is punishable by imprisonment for at least one year or by more severe punishment.
11. Bigamy.
12. Kidnapping or man-stealing, including woman-stealing and child-stealing.
13. Illtreatment, neglect or abandonment of a child.
14. False imprisonment.
15. Robbery with violence.
16. Extortion.
17. Arson.
18. Malicious injury to property.
19. Burglary or housebreaking with intent to commit an offence.
20. Larceny or theft including embezzlement.
21. Receiving money, valuable security or other property, knowing the same to have been stolen, embezzled or obtained by false pretences.
22. Fraud by a bailee, banker, agent, factor, trustee, director, member or officer of any company, or the obtaining of money, valuable security or other property by false pretences.
23. Forgery or uttering what has been forged.
24. Counterfeiting or altering money, or uttering counterfeit or altered money.
25. Being in possession of any implement with intent to make counterfeit coin therewith or with the aid thereof.
26. Contraventions of the insolvency or bankruptcy laws.
27. Crimes or offences against any enactment relating to dangerous drugs, or attempts to commit such crimes or offences.
28. Bribery, i. e., the offering, giving or receiving of bribes.

a previous meeting should appear first on the Council's agenda.

MEETING OF AUGUST 3

Following an exchange between the British and Soviet representatives with respect to the procedural situation and to Korea, an intervention by the Indian representative to the effect that the question of which items should be included on the agenda should be separated from that of their priority, which was supported by the Egyptian delegate; a Yugoslav statement of abstention; and a French declaration of support for the United States item; President Malik ruled that the Council would vote first on the Chinese representation item, second on peaceful settlement in Korea, and third on the United States item, Korean aggression. The British representative challenged the ruling, and on a vote it was rejected by seven votes (China, Cuba, Ecuador, France, Norway, United Kingdom, United States) to two (India, U. S. S. R.), with two abstentions (Egypt, Yugoslavia).

The United States amendment that the first agenda item should be "Complaint of aggression upon the Republic of Korea" was then put to the vote and accepted by a vote of eight in favor (China, Cuba, Ecuador, Egypt, France, Norway, United Kingdom, United States), one against (U. S. S. R.), and two abstentions (India, Yugoslavia). The Indian representative explained that his abstention related only to the priority of consideration of the item, and not to its inclusion on the agenda.

The Council then voted on the inclusion of the item, "Recognition of the representative of the Central People's Government of the People's Republic of China as the representative of China." The proposal was lost since the vote resulted in a tie, five for (India, Norway, U. S. S. R., United Kingdom, Yugoslavia), five against (China, Cuba, Ecuador, France, United States), with Egypt abstaining. Finally, the Council voted on inclusion of the item, "Peaceful settlement of the Korean question," which was rejected by a vote of seven (China, Cuba, Ecuador, France, Norway, United Kingdom, United States) to three (Egypt, India, U. S. S. R.), with Yugoslavia abstaining.

MEETING OF AUGUST 4

The Soviet representative introduced a resolution under which the Security Council would decide (a) to consider it necessary to invite the representative of the People's Republic of China and also to hear representatives of the Korean people in the course of the discussion of the Korean question and (b) to put an end to the hostilities in Korea and at the same time to withdraw foreign troops from Korea. The remainder of the meeting was devoted to debate over a Chinese motion, supported by the United States, Egypt, United Kingdom, India and Norway, to seat the representative of the Republic of Korea in accordance with the previous decision of the Council to this effect. The British representative asked for separate votes on the invitation of the representative of the Republic of Korea and that of the representative of North Korea. The Chinese representative believed the representative of the Republic of Korea should be invited automatically. The Indian representative believed the vote should be as to whether to cancel the previous invitation to the representative of the Republic of Korea. The President refused to make any ruling on the matter, and the meeting adjourned without decision (exhibit VI).

MEETING OF AUGUST 8

The procedural debate regarding the seating of a representative of the Republic of Korea was resumed but no decision was reached, the Soviet President continuing to refuse to issue any ruling, although he was willing to put the question to a vote in the form of whether members supported or opposed the view that the Council's June 25 decision to seat the representative of the Republic of Korea was still in force. The British representative pointed out that putting the question in this way would permit a Soviet veto and accordingly suggested adjournment.

At the beginning of the meeting President Malik referred to a cable from the North Korean Minister of Foreign Affairs complaining of United States air bombings and machine gunning, and at its close tabled a resolution concerning "inhuman bombing" by the United States Air Force of peaceful population, towns, and populated areas in Korea, under which the Council would recognize such bombings as a violation of international law, would call on the United States to stop such bombing and not permit it in future, and would instruct the Secretary-General to bring this decision immediately to the attention of the United States Government (exhibit VII).

Following sharp exchanges between Austin and Malik respecting the nature of the Korean situation and responsibilities therefor, Ambassador Austin proposed that the Council adjourn until 3 p. m. August 10 to allow the Soviet representative to consult his Government in the interest of obtaining instructions which would enable the Council to function and the Soviet representative to rule on the matter before the Council. During this time he suggested that other members could consult on steps to be taken in the event the Soviet Government continued its present attitude. President Malik proposed adjournment until August 9, at which time he asked that the Council consider his motion on bombing of civilian population in Korea. However, he put the United States motion for adjournment to August 10 to the vote first, and it was adopted by nine votes in favor, with one against (U. S. S. R.), and one abstention (Yugoslavia).

EXHIBIT I

RESOLUTION CONCERNING THE COMPLAINT OF AGGRESSION UPON THE REPUBLIC OF KOREA ADOPTED AT THE FOUR HUNDRED AND SEVENTY-THIRD MEETING OF THE SECURITY COUNCIL ON JUNE 25, 1950

The Security Council—

Recalling the finding of the General Assembly in its resolution of October 21, 1949, that the government of the Republic of Korea is a lawfully established government "having effective control and jurisdiction over that part of Korea where the United Nations Temporary Commission on Korea was able to observe and consult and in which the great majority of the people of Korea reside; and that this government is based on elections which were a valid expression of the free will of the electorate of that part of Korea and which were observed by the Temporary Commission; and that this is the only such government in Korea";

Mindful of the concern expressed by the General Assembly in its resolutions of December 12, 1948 and October 21, 1949, of the consequences which might follow unless member states refrained from acts derogatory to the results sought to be achieved by the United Nations in bringing about the complete independence and unity of Korea; and the concern expressed that the situation described by the United Nations Commission on Korea in its report menaces the safety and well being of the Republic of Korea and of the people of Korea and might lead to open military conflict there;

Noting with grave concern the armed attack upon the Republic of Korea by forces from North Korea—

Determines that this action constitutes a breach of the peace,

I. Calls for the immediate cessation of hostilities; and

Calls upon the authorities of North Korea to withdraw forthwith their armed forces to the thirty-eighth parallel;

II. Requests the United Nations Commission on Korea—

(a) To communicate its fully considered recommendations on the situation with the least possible delay;

(b) To observe the withdrawal of the North Korean forces to the thirty-eighth parallel; and

(c) To keep the Security Council informed on the execution of this resolution.

III. Calls upon all members to render every assistance to the United Nations in the execution of this resolution and to refrain from giving assistance to the North Korean authorities.

EXHIBIT II

RESOLUTION CONCERNING THE COMPLAINT OF AGGRESSION UPON THE REPUBLIC OF KOREA ADOPTED AT THE FOUR HUNDRED AND SEVENTY-FOURTH MEETING OF THE SECURITY COUNCIL ON JUNE 27, 1950

The Security Council—

Having determined that the armed attack upon the Republic of Korea by forces from North Korea constitutes a breach of the peace,

Having called for an immediate cessation of hostilities, and

Having called upon the authorities of North Korea to withdraw forthwith their armed forces to the thirty-eighth parallel, and

Having noted from the report of the United Nations Commission for Korea that the authorities in North Korea have neither ceased hostilities nor withdrawn their armed forces to the thirty-eighth parallel and that urgent military measures are required to restore international peace and security, and

Having noted the appeal from the Republic of Korea to the United Nations for immediate and effective steps to secure peace and security,

Recommends that the members of the United Nations furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area.

EXHIBIT III

RESOLUTION CONCERNING THE COMPLAINT OF AGGRESSION UPON THE REPUBLIC OF KOREA ADOPTED AT THE FOUR HUNDRED AND SEVENTY-SIXTH MEETING OF THE SECURITY COUNCIL ON JULY 7, 1950

The Security Council—

Having determined that the armed attack upon the Republic of Korea by forces from North Korea constitutes a breach of the peace,

Having recommended that members of the United Nations furnish such assistance to the Republic of Korea as may be necessary to repel the armed attack and to restore international peace and security in the area,

1. Welcomes the prompt and vigorous support which governments and peoples of the United Nations have given to its resolutions of June 25 and June 27, 1950, to assist the Republic of Korea in defending itself against armed attack and thus to restore international peace and security in the area;

2. Notes that members of the United Nations have transmitted to the United Nations offers of assistance for the Republic of Korea;

3. Recommends that all members providing military forces and other assistance pursuant to the aforesaid Security Council resolutions make such forces and other assistance available to a unified command under the United States;

4. Requests the United States to designate the commander of such forces;

5. Authorizes the unified command at its discretion to use the United Nations flag in the course of operations against North

Korean forces concurrently with the flags of the various nations participating;

6. Requests the United States to provide the Security Council with reports as appropriate on the course of action taken under the unified command.

EXHIBIT IV

UNITED STATES OF AMERICA: DRAFT RESOLUTION SUBMITTED AT THE FOUR HUNDRED AND SEVENTY-NINTH MEETING OF THE SECURITY COUNCIL, JULY 31, 1950, CONCERNING THE COMPLAINT OF AGGRESSION UPON THE REPUBLIC OF KOREA

The Security Council—

Condemns the North Korean authorities for their continued defiance of the United Nations;

Calls upon all states to use their influence to prevail upon the authorities of North Korea to cease this defiance;

Calls upon all states to refrain from assisting or encouraging the North Korean authorities and to refrain from action which might lead to the spread of the Korean conflict to other areas and thereby further endanger international peace and security.

EXHIBIT V

RESOLUTION CONCERNING KOREAN RELIEF ADOPTED AT THE FOUR HUNDRED AND SEVENTY-NINTH MEETING OF THE SECURITY COUNCIL ON JULY 31, 1950

The Security Council—Recognizing the hardships and privations to which the people of Korea are being subjected as a result of the continued prosecution by the North Korean forces of their unlawful attack; and

Appreciating the spontaneous offers of assistance to the Korean people which have been made by governments, specialized agencies, and non-governmental organizations;

Requests the unified command to exercise responsibility for determining the requirements for the relief and support of the civilian population of Korea, and for establishing in the field the procedures for providing such relief and support;

Requests the Secretary-General to transmit all offers of assistance for relief and support to the Unified Command;

Requests the Unified Command to provide the Security Council with reports as appropriate, on its relief activities;

Requests the Secretary-General, the Economic and Social Council in accordance with Article 65 of the Charter, other appropriate United Nations principal and subsidiary organs, the specialized agencies in accordance with the terms of their respective agreements with the United Nations, and appropriate non-governmental organizations to provide such assistance as the Unified Command may request for the relief and support of the civilian population of Korea, and as appropriate in connection with the responsibilities being carried out by the Unified Command on behalf of the Security Council.

EXHIBIT VI

UNION OF SOVIET SOCIALIST REPUBLICS: DRAFT RESOLUTION CONCERNING THE COMPLAINT OF AGGRESSION UPON THE REPUBLIC OF KOREA, SUBMITTED AT THE FOUR HUNDRED AND EIGHTY-THIRD MEETING OF THE SECURITY COUNCIL, AUGUST 4, 1950

PEACEFUL SETTLEMENT OF THE KOREAN QUESTION

The Security Council decides—

(a) To consider it necessary, in the course of the discussion of the Korean question, to invite the representative of the People's Republic of China and also to hear representatives of the Korean people;

(b) To put an end to the hostilities in Korea and at the same time to withdraw foreign troops from Korea.

EXHIBIT VII

UNION OF SOVIET SOCIALIST REPUBLICS: DRAFT RESOLUTION CONCERNING THE COMPLAINT OF AGGRESSION UPON THE REPUBLIC OF KOREA, SUBMITTED AT THE FOUR HUNDRED AND EIGHTY-FOURTH MEETING OF THE SECURITY COUNCIL, AUGUST 8, 1950

PROPOSAL CONCERNING THE INHUMAN, BARBAROUS BOMBING BY THE AMERICAN AIR FORCE OF THE PEACEFUL POPULATION, TOWNS AND POPULATED AREAS IN KOREA

The Security Council—

Having considered the protest of the Government of the People's Democratic Republic of Korea against the inhuman, barbarous bombing of the peaceful population and of peaceful towns and populated areas which is being carried out by the American Air Force in Korea;

Recognizing that the bombing by the American Armed Forces of Korea towns and villages, involving the destruction and mass annihilation of the peaceful civilian population is a gross violation of the universally accepted rules of international law;

Decides:

To call upon the Government of the United States of America to cease and not permit in future the bombing by the air force or by other means of towns and populated areas and also the shooting up from the air of the peaceful population in Korea;

To instruct the Secretary-General of the United Nations to bring this decision of the Security Council to the very urgent notice of the Government of the United States of America.

LAKE SUCCESS.—India's plan for a "Little Six" committee to blueprint a Korean peace settlement probably will be presented formally to the UN Security Council Thursday, it was learned.

Indian sources said the initial reaction to the plan had been good and Indian delegate Sir Benegal N. Rau hoped to have a draft of the proposal ready for the Thursday meeting.

While first indications were that the Indian formula might get the needed seven votes, the issue appeared to hinge on whether the Russians would veto it.

It was probable that in order to minimize the chances of a Soviet veto, the resolution would omit any reference to the June 25 Council decree calling on the North Koreans to cease fire and backtrack to the thirty-eighth parallel.

Rau said yesterday the committee of the Council's nonpermanent members could hear all proposals, but he emphasized that a settlement would have to be based on the June 25 decree.

However, Indian sources indicated the resolution might gloss over this point in order to keep the draft as inoffensive to the Russians as possible.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Mr. MAYBANK. Mr. President, before the minority leader offers certain amendments, as to which I should like to have his attention for a moment or two, I should like to make a brief statement. In view of the fact that we changed the unanimous-consent agreement so as to postpone the vote from Friday until Monday, I think it is the hope of the minority leader, as it certainly is mine and I trust of all Senators on this side of the aisle as well as on the other side, because I have talked with members of the Banking and Currency Committee on both sides, and any Senators having amendments will certainly offer them on Friday, so that members of the committee and Members of the Senate will have an opportunity to read them and study them. I should like to ask the Senator from Nebraska his opinion on that, since we changed the date.

Mr. WHERRY. Mr. President, I am in complete accord with the statement made by the distinguished chairman, and that is that if any amendments are to be offered, if they can be offered by Friday, it would be beneficial to the membership of the Senate. They can be read and studied and members of the committee can make up their minds as to how they are going to vote on them. Certainly those who intend to offer amendments should offer them, if they can, and make their observations on them, so that the members of the committee may have time between now and Friday to go into the details of the amendments.

The only reason for my insisting, in the unanimous consent, upon the right to offer an amendment or make a motion up to the very time of voting, or thereafter, either way, is because something might develop in connection with the bill which would cause some Senator to offer an amendment to correct something, or to do this or that, and that right should be preserved. But certainly I agree with the acting majority leader that any Senator who has an amendment to offer should offer it as quickly as possible, and discuss it for the benefit of the Senate.

Mr. MAYBANK. I thoroughly agree with what the Senator from Nebraska has said. Of course, there might be some error which would call for an amendment, which would have to be offered, but we provided in the unanimous-consent agreement that amendments which were not germane could not be offered. Therefore, I hope that those who have amendments which are germane may be able to comply with the wishes of both sides.

Mr. WHERRY. Mr. President, I send to the desk various amendments, which I ask to have printed and lie on the table.

The PRESIDING OFFICER. The amendments will be received, printed and lie on the table.

FOREIGN POLICY CHARGES OF GOP STAND UP—ARTICLE BY GOULD LINCOLN

Mr. WHERRY. Mr. President, the Washington Star today carries an article by Gould Lincoln on foreign affairs. In view of Mr. Lincoln's objectivity as a political reporter and commentator his writings carry much weight. His article today is especially timely and I ask

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. FERGUSON (for himself and Mr. MUNDT) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: At the end of the bill insert a new title as follows:

TITLE VIII—SUBVERSIVE ACTIVITIES CONTROL ACT, 1950

SHORT TITLE

SEC. 801. This title may be cited as the "Subversive Activities Control Act, 1950".

NECESSITY FOR LEGISLATION

SEC. 802. As a result of evidence adduced before various committees of the Senate and House of Representatives, Congress hereby finds that—

(1) There exists a world Communist movement which in its origins, its development, and its present practice, is a world-wide revolutionary political movement whose purpose it is, by treachery, deceit, infiltration into other groups (governmental and otherwise), espionage, sabotage, terrorism, and any other means deemed necessary, to establish a Communist totalitarian dictatorship in all the countries of the world through the medium of a single world-wide Communist political organization.

(2) The establishment of a totalitarian dictatorship in any country results in the ruthless suppression of all opposition to the party in power, the complete subordination of the rights of individuals to the state, the denial of fundamental rights and liberties which are characteristic of a representative form of government, such as freedom of speech, of the press, of assembly, and of religious worship, and results in the maintenance of control over the people through fear, terrorism, and brutality.

(3) The system of government known as a totalitarian dictatorship is characterized by the existence of a single political party, organized on a dictatorial basis, and by an

identity between such party and its policies and the government and governmental policies of the country in which it exists, such identity being so close that the party and the government itself are for all practical purposes indistinguishable.

(4) The direction and control of the world Communist movement is vested in and exercised by the Communist dictatorship of a foreign country.

(5) The Communist dictatorship of such foreign country, in exercising such direction and control and in furthering the purposes of the world Communist movement, establishes or causes the establishment of, and utilizes, in various countries, political organizations which are acknowledged by such Communist dictatorship as being constituent elements of the world Communist movement; and such political organizations are not free and independent organizations, but are mere sections of a single world-wide Communist organization and are controlled, directed, and subject to the discipline of the Communist dictatorship of such foreign country.

(6) The political organizations so established and utilized in various countries, acting under such control, direction, and discipline, endeavor to carry out the objectives of the world Communist movement by bringing about the overthrow of existing governments and setting up Communist

totalitarian dictatorships which will be subservient to the most powerful existing Communist totalitarian dictatorship. Although such Communist political organizations usually designate themselves as political parties, they are in fact constituent elements of the world-wide Communist movement and promote the objectives of such movement by conspiratorial and coercive tactics, instead of through the democratic processes of a free elective system or through the freedom-preserving means employed by a political party which operates as an agency by which people govern themselves.

(7) In carrying on the activities referred to in paragraph (6), such Communist organizations in various countries are organized on a secret, conspiratorial basis and operate to a substantial extent through organizations, commonly known as "Communist fronts", which in most instances are created and maintained, or used, in such manner as to conceal the facts as to their true character and purposes and their membership. One result of this method of operation is that such affiliated organizations are able to obtain financial and other support from persons who would not extend such support if they knew the true purposes of, and the actual nature of the control and influence exerted upon, such "Communist fronts".

(8) Due to the nature and scope of the world Com-

munist movement, with the existence of affiliated constituent elements working toward common objectives in various countries of the world, travel of members, representatives, and agents from country to country is essential for purposes of communication and for the carrying on of activities to further the purposes of the movement.

(9) In the United States those individuals who knowingly and willfully participate in the world Communist movement, when they so participate, in effect repudiate their allegiance to the United States and in effect transfer their allegiance to the foreign country in which is vested the direction and control of the world Communist movement; and, in countries other than the United States, those individuals who knowingly and willfully participate in such Communist movement similarly repudiate their allegiance to the countries of which they are nationals in favor of such foreign Communist country.

(10) In pursuance of communism's stated objectives, the most powerful existing Communist dictatorship has, by the traditional Communist methods referred to above, and in accordance with carefully conceived plans, already caused the establishment in numerous foreign countries, against the will of the people of those countries, of ruthless Communist totalitarian dictatorships, and threatens to establish similar dictatorships in still other countries.

(11) The recent successes of Communist methods in other countries and the nature and control of the world Communist movement itself present a clear and present danger to the security of the United States and to the existence of free American institutions, and make it necessary that Congress, in order to provide for the common defense, to preserve the sovereignty of the United States as an independent nation, and to guarantee to each State a republican form of government, enact appropriate legislation recognizing the existence of such world-wide conspiracy and designed to prevent it from accomplishing its purpose in the United States.

DEFINITIONS

SEC. 803. For the purposes of this title—

(1) The term "person" means an individual or an organization.

(2) The term "organization" means an organization, corporation, company, partnership, association, trust, foundation, or fund; and includes a group of persons, whether or not incorporated, permanently or temporarily associated together for joint action on any subject or subjects.

(3) The term "Communist political organization" means any organization in the United States having some, but not necessarily all, of the ordinary and usual characteristics of a political party, which (A) is substantially dom-

inated or controlled by the foreign government or foreign governmental or political organization controlling the world Communist movement referred to in section 802, and (B) operates primarily to advance the objectives of such world Communist movement, as set forth in section 802 of this Act.

(4) The term "Communist-front organization" means any organization in the United States (other than a Communist political organization and other than a lawfully organized political party which is not a Communist political organization) which (A) is under the control of a Communist political organization, or (B) is primarily operated for the purpose of giving aid and support to a Communist political organization, a Communist foreign government, or the world Communist movement referred to in section 802.

(5) The term "Communist organization" means a Communist political organization or a Communist-front organization.

(6) The term "publication" means any circular, newspaper, periodical, pamphlet, book, letter, post card, leaflet, or other publication.

(7) The term "United States", when used in a geographical sense, includes the several States, Territories, and possessions of the United States, the District of Columbia, and the Canal Zone.

(8) The term "interstate or foreign commerce" means trade, traffic, commerce, transportation, or communication (A) between any State, Territory, or possession of the United States (including the Canal Zone), or the District of Columbia, and any place outside thereof, or (B) within any Territory or possession of the United States (including the Canal Zone) or within the District of Columbia.

(9) The term "Board" means the Subversive Activities Control Board created by section 813 of this Act.

(10) The term "final order of the Board" means an order issued by the Board under section 814 of this Act, which has become final as provided in section 815 of this Act.

CERTAIN PROHIBITED ACTS

SEC. 804. (a) It shall be unlawful for any person knowingly to combine, conspire, or agree with any other person to perform any act which would substantially contribute to the establishment within the United States of a totalitarian dictatorship the direction and control of which is to be vested in, or exercised by or under the domination or control of, any foreign government, foreign organization, or foreign individual. For purposes of this subsection, the term "totalitarian dictatorship" means a form of government, characterized by (1) the existence of a single political party, with such identity between such party and its policies and the government and governmental policies of the country

in which it exists as to render such party and the government itself indistinguishable for all practical purposes, and (2) the forcible suppression of all opposition to such party.

(b) It shall be unlawful for any officer or employee of the United States or of any department or agency thereof, or of any corporation the stock of which is owned in whole or in part by the United States or any department or agency thereof, to communicate in any manner or by any means, to any other person whom such officer or employee knows or has reason to believe to be an agent or representative of any foreign government or an officer or member of any Communist organization as defined in paragraph (5) of section 803 of this Act, any information of a kind which shall have been classified by the President (or by the head of any such department, agency, or corporation with the approval of the President) as affecting the security of the United States, knowing or having reason to know that such information has been so classified, unless such officer or employee shall have been specially authorized by the head of such department, agency, or corporation to make such disclosure of such information.

(c) It shall be unlawful for any agent or representative of any foreign government, or any officer or member of any Communist organization as defined in paragraph (5) of

section 803 of this Act, knowingly to obtain or receive, or attempt to obtain or receive, directly or indirectly, from any officer or employee of the United States or of any department or agency thereof or of any corporation the stock of which is owned in whole or in part by the United States or any department or agency thereof, any information of a kind which shall have been classified pursuant to subsection (b) of this section as affecting the security of the United States, unless special authorization for such communication shall first have been obtained from the head of the department, agency, or corporation having custody of or control over such information.

(d) Any person who violates any provision of this section shall, upon conviction thereof, be punished by a fine of not more than $10,000, or imprisonment for not more than ten years, or by both such fine and such imprisonment, and shall, moreover, be thereafter ineligible to hold any office, or place of honor, profit, or trust created by the Constitution or laws of the United States.

(e) Any person may be prosecuted, tried, and punished for any violation of this section at any time within ten years after the commission of such offense, notwithstanding the provisions of any other statute of limitations.

(f) Neither the holding of office nor membership in any Communist organization by any person shall constitute a

violation of subsection (a) or subsection (c) of this section. The fact of the registration of any person under section 807 or section 808 of this Act as an officer or member of any Communist organization shall not be received in evidence against such person in any prosecution for any alleged violation of subsection (a) or subsection (c) of this section.

EMPLOYMENT OF MEMBERS OF COMMUNIST POLITICAL ORGANIZATIONS

SEC. 805. (a) When an organization is registered, or there is in effect a final order of the Board requiring an organization to register as a Communist political organization, it shall be unlawful for any member of such organization, with knowledge that such order has become final—

(1) in seeking or accepting any office or employment under the United States, to conceal the fact that he is a member of such organization; or

(2) to hold any nonelective office or employment under the United States.

(b) When an organization is registered or there is in effect a final order of the Board requiring an organization to register as a Communist political organization, it shall be unlawful for any officer or employee of the United States to appoint or employ any individual as an officer or employee of the United States, knowing that such individual is a member of such an organization.

(c) As used in this section, the term "member" shall not include any individual whose name has not been made public because of the prohibition contained in section 9 (b) of this Act.

DENIAL OF PASSPORTS TO MEMBERS OF COMMUNIST POLITICAL ORGANIZATIONS

SEC. 806. (a) When an organization is registered, or there is in effect a final order of the Board requiring an organization to register as a Communist political organization, it shall be unlawful for any member of such organization, with knowledge that such order has become final—

(1) to make application for a passport, or the renewal of a passport, to be issued or renewed by or under the authority of the United States; or

(2) to use or attempt to use any such passport.

(b) When an organization is registered, or there is in effect a final order of the Board requiring an organization to register as a Communist political organization, it shall be unlawful for any officer or employee of the United States to issue a passport to, or renew the passport of, any individual knowing or having reason to believe that such individual is a member of such organization.

(c) As used in this section, the term "member" shall not include any individual whose name has not been made

public because of the prohibition contained in section 809 (b) of this Act.

REGISTRATION AND ANNUAL REPORTS OF COMMUNIST ORGANIZATIONS

SEC. 807. (a) Each Communist political organization (including any organization required, by a final order of the Board, to register as a Communist political organization) shall, within the time specified in subsection (c) of this section, register with the Attorney General, on a form prescribed by him by regulations, as a Communist political organization.

(b) Each Communist-front organization (including any organization required, by a final order of the Board, to register as a Communist-front organization) shall, within the time specified in subsection (c) of this section, register with the Attorney General, on a form prescribed by him by regulations, as a Communist-front organization.

(c) The registration required by subsection (a) or (b) shall be made—

(1) in the case of an organization which is a Communist political organization or a Communist-front organization on the date of the enactment of this Act, within thirty days after such date;

(2) in the case of an organization becoming a

Communist political organization or a Communist-front organization after the date of the enactment of this Act, within thirty days after such organization becomes a Communist political organization or a Communist-front organization, as the case may be; and

(3) in the case of an organization which by a final order of the Board is required to register, within thirty days after such order becomes final.

(d) The registration made under subsection (a) or (b) shall be accompanied by a registration statement, to be prepared and filed in such manner and form as the Attorney General shall by regulations prescribe, containing the following information:

(1) The name of the organization and the address of its principal office.

(2) The name and last-known address of each individual who is at the time of the filing of such registration statement, and of each individual who was at any time during the period of twelve full calendar months next preceding the filing of such statement an officer of the organization, with the designation or title of the office so held, and with a brief statement of the duties and functions of such individual as such officer.

(3) An accounting, in such form and detail as the Attorney General shall by regulations prescribe, of all

moneys received and expended (including the sources from which received and the purposes for which expended) by the organization during the period of twelve full calendar months next preceding the filing of such statement.

(4) In the case of a Communist political organization, the name and last-known address of each individual who was a member of the organization at any time during the period of twelve full calendar months preceding the filing of such statement.

(5) In the case of any officer or member whose name is required to be shown in such statement, and who uses or has used or who is or has been known by more than one name, each name which such officer or member uses or has used or by which he is known or has been known.

(e) It shall be the duty of each organization registered under this section to file with the Attorney General on or before February 1 of the year following the year in which it registers, and on or before February 1 of each succeeding year, an annual report, prepared and filed in such manner and form as the Attorney General shall by regulations prescribe, containing the same information which by subsection (d) is required to be included in a registration statement, except that the information required with respect to the twelve-month period referred to in paragraph (2), (3), or (4) of such subsection shall, in such annual report, be

given with respect to the calendar year preceding the February 1 on or before which such annual report must be filed.

(f) (1) It shall be the duty of each organization registered under this section to keep, in such manner and form as the Attorney General shall by regulations prescribe, accurate records and accounts of moneys received and expended (including the sources from which received and purposes for which expended) by such organization.

(2) It shall be the duty of each Communist political organization registered under this section to keep, in such manner and form as the Attorney General shall by regulations prescribe, accurate records of the names and addresses of the members of such organization and of persons who actively participate in the activities of such organization.

(g) It shall be the duty of the Attorney General to send to each individual listed in any registration statement or annual report, filed under this section, as an officer or member of the organization in respect of which such registration statement or annual report was filed, a notification in writing that such individual is so listed; and such notification shall be sent at the earliest practicable time after the filing of such registration statement or annual report. Upon written request of any individual so notified who denies that he holds any office or membership (as the case may be)

in such organization, the Attorney General shall forthwith initiate and conclude at the earliest practicable time an appropriate investigation to determine the truth or falsity of such denial, and, if the Attorney General shall be satisfied that such denial is correct, he shall thereupon strike from such registration statement or annual report the name of such individual. If the Attorney General shall decline or fail to strike the name of such individual from such registration statement or annual report within five months after receipt of such written request, such individual may file with the Board a petition for relief pursuant to section 814 (b) of this Act.

(h) In the case of failure on the part of any organization to register or to file any registration statement or annual report as required by this section, it shall be the duty of the executive officer (or individual performing the ordinary and usual duties of an executive officer) and of the secretary (or individual performing the ordinary and usual duties of a secretary) of such organization, and of such officer or officers of such organization as the Attorney General shall by regulations prescribe, to register for such organization, to file such registration statement, or to file such annual report, as the case may be.

REGISTRATION OF MEMBERS OF COMMUNIST POLITICAL ORGANIZATIONS

SEC. 808. Each individual who is a member of any organization which he knows to be registered as a Communist political organization under section 807 (a) of this Act, but which has failed to include his name upon the list of members thereof filed with the Attorney General, shall within sixty days after he shall have obtained such knowledge register with the Attorney General as a member of such organization. The registration made by such individual shall be accompanied by a registration statement, to be prepared and filed in such manner and form, and containing such information, as the Attorney General shall by regulations prescribe.

KEEPING OF REGISTERS; PUBLIC INSPECTION; REPORTS TO PRESIDENT AND CONGRESS

SEC. 809. (a) The Attorney General shall keep and maintain separately in the Department of Justice—

(1) a "Register of Communist Political Organizations", which shall include (A) the names and addresses of all Communist political organizations registered under section 807, (B) the registration statements and annual reports filed by such organizations thereunder, and (C) the registration statements filed by individuals under section 808; and

(2) a "Register of Communist-Front Organiza-

tions", which shall include (A) the names and addresses of all Communist-front organizations registered under section 807, and (B) the registration statements and annual reports filed by such organizations thereunder.

(b) Such registers shall be kept and maintained in such manner as to be open for public inspection: *Provided,* That the Attorney General shall not make public the name of any individual listed in either such register as an officer or member of any Communist organization until sixty days shall have elapsed after the transmittal of the notification required by section 807 (g) to be sent to such individual and if prior to the end of such period such individual shall make written request to the Attorney General for the removal of his name from any such list, the Attorney General shall not make public the name of such individual until six months shall have elapsed after receipt of such request by the Attorney General, or until thirty days shall have elapsed after the Attorney General shall have denied such request and shall have transmitted to such individual notice of such denial, whichever is earlier.

(c) The Attorney General shall submit to the President and to the Congress on or before June 1 of each year (and at any other time when requested by either House by resolution) a report with respect to the carrying out of the pro-

visions of this Act, including the names and addresses of the organizations listed in such registers and (except to the extent prohibited by subsection (b) of this section) the names and addresses of the individuals listed as members of such organizations.

MEMBERSHIP IN CERTAIN COMMUNIST POLITICAL ORGANIZATIONS

SEC. 810. It shall be unlawful for any individual to become or remain a member of any organization if he knows that (1) there is in effect a final order of the Board requiring such organization to register under section 807 of this Act as a Communist political organization, (2) more than thirty days have elapsed since such order became final, and (3) such organization is not registered under section 807 of this Act as a Communist political organization.

USE OF THE MAILS AND INSTRUMENTALITIES OF INTERSTATE OR FOREIGN COMMERCE

SEC. 811. It shall be unlawful for any organization which is registered under section 807, or for any organization with respect to which there is in effect a final order of the Board requiring it to register under section 807, or for any person acting for or on behalf of any such organization—

(1) to transmit or cause to be transmitted, through the United States mails or by any means or instrumen-

tality of interstate or foreign commerce, any publication which is intended to be, or which it is reasonable to believe is intended to be, circulated or disseminated among two or more persons, unless such publication, and any envelope, wrapper, or other container in which it is mailed or otherwise circulated or transmitted, bears the following, printed in such manner as may be provided in regulations prescribed by the Attorney General, with the name of the organization appearing in lieu of the blank: "Disseminated by ————, a Communist organization"; or

(2) to broadcast or cause to be broadcast any matter over any radio or television station in the United States, unless such matter is preceded by the following statement, with the name of the organization being stated in place of the blank: "The following program is spon sored by ————, a Communist organization".

DENIAL OF TAX DEDUCTIONS AND EXEMPTION

SEC. 812. (a) Notwithstanding any other provision of law, no deduction for Federal income-tax purposes shall be allowed in the case of a contribution to or for the use of any organization if at the time of the making of such contribution (1) such organization is registered under sec-

tion 807, or (2) there is in effect a final order of the Board requiring such organization to register under section 807.

(b) No organization shall be entitled to exemption from Federal income tax, under section 101 of the Internal Revenue Code, for any taxable year if at any time during such taxable year (1) such organization is registered under section 807, or (2) there is in effect a final order of the Board requiring such organization to register under section 807.

SUBVERSIVE ACTIVITIES CONTROL BOARD

SEC. 813. (a) There is hereby established a Board, to be known as the Subversive Activities Control Board, which shall be composed of three members, who shall be appointed by the President, by and with the advice and consent of the Senate. Not more than two members of the Board shall be members of the same political party. One of the original members shall be appointed for a term of one year, one for a term of two years, and one for a term of three years, but their successors shall be appointed for terms of three years each, except that any individual chosen to fill a vacancy shall be appointed only for the unexpired term of the member whom he shall succeed. The President shall designate one member to serve as Chairman of the Board. Any member of the Board may be removed by the President, upon notice and hearing, for neglect of duty or malfeasance in office, but for no other cause.

(b) A vacancy in the Board shall not impair the right of the remaining members to exercise all the powers of the Board, and two members of the Board shall, at all times, constitute a quorum. The Board shall have an official seal which shall be judicially noticed.

(c) The Board shall at the close of each fiscal year make a report in writing to the Congress and to the President stating in detail the cases it has heard, the decisions it has rendered, the names, salaries, and duties of all employees of the Board, and an account of all moneys it has disbursed.

(d) Each member of the Board shall receive a salary of $12,500 a year, shall be eligible for reappointment, and shall not engage in any other business, vocation, or employment.

(e) It shall be the duty of the Board—

(1) upon application made by the Attorney General under section 814 (a) of this Act, or by any organization under section 814 (b) of this Act, to determine whether any organization is a "Communist political organization" within the meaning of paragraph (3) of section 803 of this Act, or a "Communist-front organization" within the meaning of paragraph (4) of section 803 of this Act; and

(2) upon application made by the Attorney

General under section 814 (a) of this Act, or by any individual under section 814 (b) of this Act, to determine whether any individual is a member of any Communist political organization registered, or by final order of the Board required to be registered, under section 807 (a) of this Act.

(f) Subject to the civil-service laws and Classification Act of 1923, as amended, the Board may appoint and fix the compensation of a clerk and such examiners and other personnel as may be necessary for the performance of its functions.

(g) The Board may make such rules and regulations, not inconsistent with the provisions of this title, as may be necessary for the performance of its duties.

(h) There are hereby authorized to be appropriated to the Board such sums as may be necessary and appropriate to carry out its functions.

PROCEEDINGS BEFORE BOARD

SEC. 814. (a) Whenever the Attorney General shall have reason to believe that any organization which has not registered under subsection (a) or subsection (b) of section 807 of this Act is in fact an organization of a kind required to be registered under such subsection, or that any individual who has not registered under section 808 of this Act is in fact required to register under such section, he

shall file with the Board and serve upon such organization or individual a petition for an order requiring such organization or individual to register pursuant to such subsection or section, as the case may be.

(b) Any organization registered under subsection (a) or subsection (b) of section 807 of this Act, and any individual registered under section 808 of this Act, may, not oftener than once in each calendar year, make application to the Attorney General for the cancellation of such registration and (in the case of such organization) for relief from obligation to make further annual reports. Within sixty days after the denial of any such application by the Attorney General, the organization or individual concerned may file with the Board and serve upon the Attorney General a petition for an order requiring the cancellation of such registration and (in the case of such organization) relieving such organization of obligation to make further annual reports. Any individual authorized by section 807 (g) of this Act to file a petition for relief may file with the Board and serve upon the Attorney General a petition for an order requiring the Attorney General to strike his name from the registration statement or annual report upon which it appears.

(c) Upon the filing of any petition pursuant to subsection (a) or subsection (b) of this section, the Board

(or any member thereof or any examiner designated thereby) may hold hearings, administer oaths and affirmations, may examine witnesses and receive evidence at any place in the United States, and may require by subpena the attendance and testimony of witnesses and the production of books, papers, correspondence, memoranda, and other records deemed relevant to the matter under inquiry. Subpenas may be signed and issued by any member of the Board or any duly authorized examiner. Subpenas shall be issued on behalf of the organization or the individual who is a party to the proceeding upon request and upon a statement or showing of general relevance and reasonable scope of the evidence sought. Such attendance of witnesses and the production of such documentary evidence may be required from any place in the United States at any designated place of hearing. Witnesses summoned shall be paid the same fees and mileage paid witnesses in the district courts of the United States. In case of disobedience to a subpena the Board may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence. Any of the district courts of the United States within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpena issued to any

person, issue an order requiring such person to appear (and to produce documentary evidence if so ordered) and give evidence relating to the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or wherever he may be found.

(d) All hearings conducted under this section shall be public. Each party to such proceeding shall have the right to present its case with the assistance of counsel, to offer oral or documentary evidence, to submit rebuttal evidence, and to conduct such cross-examination as may be required for a full and true disclosure of the facts. An accurate stenographic record shall be taken of the testimony of each witness, and a transcript of such testimony shall be filed in the office of the Board.

(e) In determining whether any organization is a "Communist political organization", the Board shall take into consideration—

(1) the extent to which its policies are formulated and carried out and its activities performed, pursuant to directives or to effectuate the policies of the foreign government or foreign governmental or political organization in which is vested, or under the domination or

control of which is exercised, the direction and control of the world Communist movement referred to in section 802 of this Act;

(2) the extent to which its views and policies do not deviate from those of such foreign government or foreign organization;

(3) the extent to which it receives financial or other aid, directly or indirectly, from or at the direction of such foreign government or foreign organization;

(4) the extent to which it sends members or representatives to any foreign country for instruction or training in the principles, policies, strategy, or tactics of such world Communist movement;

(5) the extent to which it reports to such foreign government or foreign organization or to its representatives;

(6) the extent to which its principal leaders or a substantial number of its members are subject to or recognize the disciplinary power of such foreign government or foreign organization or its representatives;

(7) the extent to which (i) it fails to disclose, or resist efforts to obtain information as to, its membership (by keeping membership lists in code, by instructing members to refuse to acknowledge membership, or by any other method) ; (ii) its members refuse to acknowl-

edge membership therein; (iii) it fails to disclose, or resist efforts to obtain information as to, records other than membership lists; (iv) its meetings are secret; and (v) it otherwise operates on a secret basis; and

(8) the extent to which its principal leaders or a substantial number of its members consider the allegiance they owe to the United States as subordinate to their obligations to such foreign government or foreign organization.

(f) In determining whether any organization is a "Communist-front organization", the Board shall take into consideration—

(1) the extent to which persons who are active in its management, direction, or supervision, whether or not holding office therein, are active in the management, direction, or supervision of, or as representatives of, any Communist political organization, Communist foreign government, or the world Communist movement referred to in section 802; and

(2) the extent to which its support, financial or otherwise, is derived from any Communist political organization, Communist foreign government, or the world Communist movement referred to in section 802; and

(3) the extent to which its funds, resources, or

personnel are used to further or promote the political objectives of any Communist political organization, Communist foreign government or the world Communist movement referred to in section 802; and

(4) the extent to which the positions taken or advanced by it from time to time on matters of policy do not deviate from those of any Communist political organization, Communist foreign government, or the world Communist movement referred to in section 802.

(g) If, after hearing upon a petition filed under subsection (a) of this section, the Board determines—

(1) that an organization is a Communist political organization or a Communist-front organization, as the case may be, it shall make a report in writing in which it shall state its findings as to the facts and shall issue and cause to be served on such organization an order requiring such organization to register as such under section 807 of this Act, or

(2) that an individual is a member of a Communist political organization (including an organization required by final order of the Board to register under section 807 (a)), it shall make a report in writing in which it shall state its findings as to the facts and shall issue and cause to be served on such individual

an order requiring him to register as such under section 808 of this Act.

(h) If, after hearing upon a petition filed under subsection (a) of this section, the Board determines—

(1) that an organization is not a Communist political organization or a Communist-front organization, as the case may be, it shall make a report in writing in which it shall state its findings as to the facts; issue and cause to be served upon the Attorney General an order denying his petition for an order requiring such organization to register as such under section 807 of this Act; and send a copy of such order to such organization; or

(2) that an individual is not a member of any Communist political organization, it shall make a report in writing in which it shall state its findings as to the facts; issue and cause to be served upon the Attorney General an order denying his petition for an order requiring such individual to register as such member under section 808 of this Act; and send a copy of such order to such individual.

(i) If, after hearing upon a petition filed under subsection (b) of this section, the Board determines—

(1) that an organization is not a Communist po-

litical organization or a Communist-front organization, as the case may be, it shall make a report in writing in which it shall state its findings as to the facts; issue and cause to be served upon the Attorney General an order requiring him to cancel the registration of such organization and relieve it from the requirement of further annual reports; and send a copy of such order to such organization; or

(2) that an individual is not a member of any Communist political organization, or (in the case of an individual listed as an officer of a Communist-front organization) that an individual is not an officer of a Communist-front organization, it shall make a report in writing in which it shall state its findings as to the facts; issue and cause to be served upon the Attorney General an order requiring him to (A) strike the name of such individual from the registration statement or annual report upon which it appears or (B) cancel the registration of such individual under section 808, as may be appropriate; and send a copy of such order to such individual.

(j) If, after hearing upon a petition filed under subsection (b) of this section, the Board determines—

(1) that an organization is a Communist political organization or a Communist-front organization, as the

case may be, it shall make a report in writing in which it shall state its findings as to the facts and shall issue and cause to be served on such organization an order denying its petition for the cancellation of its registration and for relief from the requirement of further annual reports; or

(2) that an individual is a member of a Communist political organization, or (in the case of an individual listed as an officer of a Communist-front organization) that an individual is an officer of a Communist-front organization, it shall make a report in writing in which it shall state its findings as to the facts and shall issue and cause to be served on such individual an order denying his petition for an order requiring the Attorney General (A) to strike his name from any registration statement or annual report on which it appears or (B) to cancel the registration of such individual under section 808, as the case may be.

JUDICIAL REVIEW

SEC. 815. (a) The party aggrieved by any order entered by the Board under subsection (g), (h), (i), or (j) of section 814 may obtain a review of such order in the United States Court of Appeals for the District of Columbia by filing in the court, within sixty days from the date of service upon it of such order, a written petition praying

that the order of the Board be set aside. A copy of such petition shall be forthwith served upon the Board, and thereupon the Board shall certify and file in the court a transcript of the entire record in the proceeding, including all evidence taken and the report and order of the Board. Thereupon the court shall have jurisdiction of the proceeding and shall have power to affirm or set aside the order of the Board. The findings of the Board as to the facts, if supported by the preponderance of the evidence, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material, the court may order such additional evidence to be taken before the Board and to be adduced upon the proceeding in such manner and upon such terms and conditions as to the court may seem proper. The Board may modify its findings as to the facts, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by the preponderance of the evidence, shall be conclusive, and its recommendations, if any, with respect to action in the matter under consideration. If the court shall set aside an order issued under subsection (j) of section 814 it may, in the case of an organization, enter a judgment canceling the registration of such organization and relieving it from the requirement of further annual reports, or

in the case of an individual, enter a judgment requiring the Attorney General (A) to strike the name of such individual from the registration statement or annual report on which it appears, or (B) cancel the registration of such individual under section 808, as may be appropriate. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in title 28, United States Code, section 1254.

(b) Any order of the Board issued under section 14 shall become final—

(1) upon the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time; or

(2) upon the expiration of the time allowed for filing a petition for certiorari, if the order of the Board has been affirmed or the petition for review dismissed by the United States Court of Appeals for the District of Columbia, and no petition for certiorari has been duly filed; or

(3) upon the denial of a petition for certiorari, if the order of the Board has been affirmed or the petition for review dismissed by the United States Court of Appeals for the District of Columbia; or

(4) upon the expiration of ten days from the date

of issuance of the mandate of the Supreme Court, if such Court directs that the order of the Board be affirmed or the petition for review dismissed.

PENALTIES

SEC. 816. (a) If there is in effect with respect to any organization or individual a final order of the Board requiring registration under section 807 or section 808 of this Act—

(1) such organization shall, upon conviction of failure to register, to file any registration statement or annual report, or to keep records as required by section 807, be punished for each such offense by a fine of not less than $2,000 and not more than $5,000; and

(2) each individual having a duty under subsection (h) of section 807 to register or to file any registration statement or annual report on behalf of such organization, and each individual having a duty to register under section 808, shall, upon conviction of failure to so register or to file any such registration statement or annual report, be punished for each such offense by a fine of not less than $2,000 and not more than $5,000, or imprisonment for not less than two years and not more than five years, or by both such fine and imprisonment.

For the purposes of this subsection, each day of failure to

register, whether on the part of the organization or any individual, shall constitute a separate offense.

(b) Any individual who, in a registration statement or annual report filed under section 807 or section 808, willfully makes any false statement or willfully omits to state any fact which is required to be stated, or which is necessary to make the statements made or information given not misleading, shall upon conviction thereof be punished for each such offense by a fine of not less than $2,000 and not more than $5,000, or by imprisonment for not less than two years and not more than five years, or by both such fine and imprisonment. For the purposes of this subsection—

(1) each false statement willfully made, and each willful omission to state any fact which is required to be stated, or which is necessary to make the statements made or information given not misleading, shall constitute a separate offense; and

(2) each listing of the name or address of any one individual shall be deemed a separate statement.

(c) Any organization which violates any provision of section 811 of this Act shall, upon conviction thereof, be punished for each such violation by a fine of not less than $2,000 and not more than $5,000. Any individual who violates any provision of sections 805, 806, 810, or 811 of this Act shall, upon conviction thereof, be punished for

each such violation by a fine of not less than $2,000 and not more than $5,000, or by imprisonment for not less than two years and not more than five years, or by both such fine and imprisonment.

APPLICABILITY OF ADMINISTRATIVE PROCEDURE ACT

SEC. 817. Nothing in this title shall be held to make the provisions of the Administrative Procedure Act inapplicable to the exercise of functions, or the conduct of proceedings, by the Board under this title, except to the extent that this title affords additional procedural safeguards for organizations and individuals.

SEPARABILITY OF PROVISIONS

SEC. 818. If any provision of this title, or the application thereof to any person or circumstance, is held invalid, the remaining provisions of this title, or the application of such provision to other persons or circumstances, shall not be affected thereby.

On page 28, strike out lines 1 and 2, and insert in lieu thereof the following: "Titles I–VII of this Act may be cited as 'The Defense Production Act of 1950'."

On page 28, in the Table of Contents, after "Title VII. General provisions." insert "Title VIII. Subversive Activities Control Act, 1950."

On page 66, line 8, strike out "As used in this Act—" and insert in lieu thereof "As used in titles I–VII of this Act—".

On page 68, line 15, after "provisions" insert "of titles I–VII".

On page 68, line 24, strike out "this Act is in effect" and insert in lieu thereof "titles I–VII of this Act are in effect".

On page 74, line 4, after "under" insert "titles I–VII of".

On page 74, line 8, after "authority" insert "of titles I–VII".

On page 82, strike out line 8, and insert in lieu thereof the following: "SEC. 716. Titles I–VII of this Act and all authority conferred there-".

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENTS

Intended to be proposed by Mr. FERGUSON (for himself and Mr. MUNDT) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

Calendar No. 2251

81st CONGRESS
2d Session

S. 3936

IN THE SENATE OF THE UNITED STATES

August 15 (legislative day, July 20), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. Maybank to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: Amend section 402 (e) (3) as follows:

(1) In line 11, page 44, strike out the word "higher" and insert in lieu thereof "highest" and strike out the word "two".

(2) In line 20, page 44, strike out the semicolon following the words "seasonal differentials" and insert after such words a comma and the following: "or, (iii) in the case of any commodity for which the market was not active during

the period May 24 to June 24, 1950, the average price received by producers during the most recent representative period prior to May 24, 1950, in which the market for such commodity was active as determined and adjusted by the Secretary of Agriculture to a level in line with the level of prices received by producers for agricultural commodities generally during the period May 24 to June 24, 1950, and adjusted by the Secretary for grade, location, and seasonal differentials, or (iv) in the case of fire-cured tobacco a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 75 per centum of the parity price of Burley tobacco of the corresponding crop, and in the case of dark air-cured tobacco and Virginia sun-cured tobacco, respectively, a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to $66\frac{2}{3}$ per centum of the parity price of Burley tobacco of the corresponding crop."

(3) In line 25, page 44, strike out the word "higher" and insert in lieu thereof "highest".

(4) In line 16 after the words "such Act" insert the following new sentence: "In establishing ceilings for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this Act and for

which different areas have different periods of marketing during such season, the President shall give due consideration to affording equitable treatment to producers of such commodity in all areas."

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENTS

Intended to be proposed by Mr. MAYBANK to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. MAYBANK to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 48, line 9, after the word "order" insert "relating to price controls".

On page 48, line 11, after the word "order" insert "relating to price controls".

On page 54, line 10, after the word "orders" insert "relating to price controls".

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENTS

Intended to be proposed by Mr. MAYBANK to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. SPARKMAN to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: On page 66, after line 7, insert the following:

(v) In allocating materials, and in approving agreements allocating materials, the President shall, to the maximum extent practicable, make use of the normal channels of business, particularly independent small-business enterprises, and prevent diversions of materials from such normal channels and independent small-business enterprises.

8-15-50——D

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. SPARKMAN to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TAFT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 39, line 21, at the end of section 401, add the following: "The provisions of this title IV shall not go into effect until the passage of a joint resolution declaring that without the use of the powers granted in this title it will be impossible to prevent serious inflation of prices."

8-15-50——E

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. TAFT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. WHERRY to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of production capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security and other purposes, viz:

On page 70, lines 6 and 7, strike out "having claimed his privilege against self-incrimination" and insert "having claimed that such testimony or evidence would tend to incriminate him".

On page 70, line 8, after the word "otherwise" insert the following: "(including any evidence required by law to be kept by such person)".

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Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENTS

Intended to be proposed by Mr. WHERRY to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of production capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and other purposes.

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

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81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. WHERRY to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: On page 30, strike out lines 1 through 12 and insert the following:

SEC. 102. No person shall accumulate, in excess of an amount designated by the President as reasonable and normal for business and home consumption, any material designated by the President as a scarce material, or a material the supply of which would be threatened by such accumu-

lation. The President shall order published in the Federal Register, and in such other manner as he may deem appropriate, every designation of materials the accumulation of which is unlawful, the amount thereof which is reasonable and normal for business and home consumption, and any withdrawal of such designation. This section shall not be construed to limit the authority contained in section 101 of this Act.

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2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. WHERRY to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

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81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. WHERRY to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: On page 43, line 21, after the period insert the following:

"No such regulation or order shall contain any provision requiring the determination of costs otherwise than in accordance with established accounting methods."

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Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. WHERRY to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

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81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. WHERRY to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: On page 66, between lines 7 and 8, insert the following:

(c) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, he shall do so in such manner as to assure each individual business in the normal channel of distribution of such material of its fair share of the available civilian supply based, insofar as practicable, on the share received by such business during a representative period preceding June 24, 1950.

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81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. WHERRY to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 15 (legislative day, JULY 20), 1950
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81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. WHERRY to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: On page 68, strike out lines 9 through 12 and insert the following:

(b) The head and the assistant heads of any independent agency created to administer any authority conferred by this Act shall be appointed by the President, by and with the advice and consent of the Senate.

8-15-50——J

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. WHERRY to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

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81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. WHERRY to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 56, line 21, before the period insert a comma and the following: "or compromise with the seller the liability which might be assessed against the seller in such an action".

On page 56, line 21, after the word "instituted" insert a comma and the following: "or such liability is compromised".

On page 57, line 2, before the word "under" insert the following: "or a compromise".

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81ST CONGRESS
2D SESSION

S. 3936

AMENDMENTS

Intended to be proposed by Mr. WHERRY to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

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81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. WILLIAMS to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 45, strike out line 20, and renumber parts (iii), (iv), and (v) of section 402, subsection (f), accordingly.

8-15-50——L

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. WILLIAMS to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. WILLIAMS to the amendment lettered I intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On line 3, after the word "property" insert the following: "ending after June 24, 1950, or".

8-15-50——M

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. WILLIAMS to the amendment lettered I intended to be proposed by Mr. BRICKER to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 15 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

Mr. KNOWLAND. I yield to the Senator from Vermont.

Mr. FLANDERS. In looking back over both the First World War and the Second World War, I have been impressed with what seems to be, in retrospect, the unwisdom of demanding total and unconditional surrender.

I wonder whether we would be in a better position if we were to accept proposals for an arrangement of the Korean situation, with these two conditions firmly and plainly expressed: First, that it must involve the immediate retirement of the North Korean forces to points north of the thirty-eighth parallel; second, that there will not be tied up with it recognition of Communist China.

It seems to me we should not simply close the door on every proposal for a settlement. If we make those two conditions, let us see whether these nations have anything to offer.

Mr. KNOWLAND. Mr. President, I do not disagree with the able Senator from Vermont, and I am not proposing that we close the door, because I think we always should be willing to sit down and listen to any reasonable proposal.

The point I make is that instead of making it clear in their proposals that there would still have to be a withdrawal to the 38th parallel, the Indian proposal now is apparently attempting to sugarcoat that end of the matter. If, as I understand from my reading of dispatches of today, they do not mean to have that as a condition precedent to the discussion, I do not see how they can expect to have a settlement of the war or how they can expect to establish a system of collective security which will mean anything to the small law-abiding nations, or how we can negotiate with the Communists while they are acting as active aggressors in South Korea.

Our Government's position, as I have understood it to be up to this time, and as I believe it still to be, is that the aggressors must retire beyond the thirty-eighth parallel, and also that we will not tie that in with the question of recognition of the Communist regime in China.

When they have done that, I quite agree with the Senator from Vermont that the United Nations Security Council, as a security council, or the General Assembly of the United Nations, as a general assembly, then should discuss what further steps, if any, should be taken in the interest of the future peace of the world.

Mr. FLANDERS. Mr. President, I think the Senator from California and I are in complete agreement on those two conditions.

The only plea I make is that we should maintain a friendly attitude toward attempts to settle the Korean situation. We can be firm, yet friendly. I do not want us to be, and I do not think this country should be, in the position of just pushing off everyone who makes any suggestion which might be helpful toward solving the situation. We have perfectly good reasons for saying that the invaders must retire beyond the 38th parallel. We have perfectly good reasons for saying that recognition of Communist China must not be part of the agreement. However, let us say it in a gentlemanly, friendly, and approachable way. That is the point I am making.

Mr. KNOWLAND. Mr. President, I do not disagree with the Senator from Vermont on that point. Of course, when the United States has its forces fighting and dying in Korea, it is a little difficult to have a friendly approach to the North Koreans, under the circumstances with which we now are faced in Korea. However, I certainly believe that we should keep the door open for suggestions from such countries as India or any others which might make suggestions.

Mr. FLANDERS. The friendliness I am suggesting is friendliness toward those who are proposing to make suggestions as to the composition of the difficulty. That is the area of friendliness to which I refer.

Mr. KNOWLAND. However, I think the Senator from Vermont will agree with me that for the invaders merely to move north of the thirty-eighth parallel will not mean a great deal in the final analysis. If the Republic of Korea, the United States, and the western world are to be living under a gun, in that aggression of the same type might take place 3 months from now or 6 months from now, a peace achieved under those circumstances would be a very uneasy one. It seems to me that the United Nations Security Council must consider how the peace of the world can be preserved in the future, so that the pledges of the great powers at Cairo that Korea would be a free and independent nation may be carried out, and so that the mandate of the United Nations itself that a free election would be held in Korea—although such an election was blocked by Soviet Russia in the area north of the thirty-eighth parallel—can be implemented at this late date.

PRINTING OF CERTAIN TESTIMONY TAKEN IN EXECUTIVE SESSION BY BANKING AND CURRENCY COMMITTEE ON DEFENSE PRODUCTION ACT OF 1950

Mr. MAYBANK. Mr. President, I desire to propound a unanimous-consent request. I think the Senator from Ohio [Mr. BRICKER] is in complete agreement with me regarding the request.

Of course, I appreciate that the matter to which I shall now refer would best be brought up in a meeting of the Banking and Currency Committee. However, in view of the fact that it would be rather difficult to have a meeting of the committee at this time and to have the committee vote on this matter—although it is one within the jurisdiction of the committee—I now ask unanimous consent that there may be printed parts of the hearings held by the committee in executive session. I refer to the testimony of certain witnesses which certain Senators desire to have made available.

I have talked to a number of Senators, and it is agreeable to them to have that part of the testimony in executive session printed.

I have talked to the Senator from Ohio, and I understand that what I propose now is agreeable to him. The Senator from Indiana [Mr. CAPEHART] was not here, or I would have consulted him.

I make that request, Mr. President.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request of the Senator from South Carolina? The Chair hears none, and it is so ordered.

Mr. BRICKER. I think it will be very helpful to have that testimony printed.

Mr. MAYBANK. I thank the Senator.

EFFECT ON HAND-MADE GLASSWARE AND POTTERY INDUSTRY OF GOVERNMENT POLICY AGAINST A PROTECTIVE TARIFF

Mr. BRICKER. Mr. President, even in the midst of world-wide confusion and problems involving the future destiny of mankind, we must realize at times that there are problems among our people at home, and we must consider the interests of our own people. People still work and produce and are paid wages.

I hold in my hand a letter from the Court of Common Please of Guernsey County, Ohio, the letter coming from the office of Judge Howard E. Faught, the common pleas judge of that county. He is also chairman of the Guernsey County Democratic Executive Committee. He appeals to me, on behalf of the labor in that county and in the general community of our State where hand-made glassware and pottery are produced. In the southeastern section of Ohio labor is being put out of employment by the importation of foreign-made glassware without any adequate protection by way of tariff or otherwise. That is a result of the reciprocal trade agreements. Much of the imported glassware, according to Judge Faught, comes from behind the iron curtain or from countries satellite to Russia.

I ask unanimous consent to have printed at this point in the body of the RECORD, as a part of my remarks, the letter I have received from Judge Faught, whom I have known for many years, who is a patriotic citizen, sincerely interested in the welfare of his country and the people of his community.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COURT OF COMMON PLEAS,
GUERNSEY COUNTY,
Cambridge, Ohio, August 3, 1950.

Hon. JOHN W. BRICKER,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BRICKER: The Guernsey County Democratic Executive Committee at a recent meeting held a lengthy discussion on the following issue: The effect our Government's present policy against a protective tariff for hand-made glassware and pottery is having upon the domestic manufacture of these articles.

Guernsey County, of which Cambridge is the county seat, is largely dependent upon our glass and pottery industries. It is our understanding that hand-made glassware and pottery are being imported into this country from nations now under the domination of Communist Russia and this, our committee feels, should stop.

Our committee unanimously passed a resolution directing me, as its chairman, to urge you as our representative to do everything within your power to give adequate protection, through a proper tariff, to the hand-

made glass and pottery industries of our Nation.

It is our belief that should the present flood of imports continue, entire cities in the Ohio Valley and other parts of our Nation will suffer the distress of widespread unemployment. If our Nation is to be benevolent, we urge you to focus some of that benevolence on our domestic industry.

We trust that you will direct your best efforts toward stopping the importation of cheap labor products, which has so greatly influenced the demand for and production of these two stable American industries.

Sincerely yours,

HOWARD E. FAUGHT,
Chairman, Guernsey County Democratic Executive Committee.

NEED FOR ACTION ON CONTROL BILL—PRICE INCREASES

Mr. MORSE. Mr. President, I have two subject matters upon which I wish to comment briefly today. I am taking advantage of what is an obvious lull in the proceedings of the Senate, a lull which seems to arise inevitably whenever we enter into a unanimous-consent agreement to vote at some specific time. I recognize that, on occasion, such unanimous-consent agreements are necessary in order to speed up the business of the Senate. In this instance, however, I think that, as has so frequently happened in the past, we have an example of a unanimous-consent agreement which has delayed action in the Senate. I think we could very well have gone to work and voted on the pending bill probably as early as tonight. We should have done it, because every hour of delay in the passage of this bill is injurious to the consumers of the country. I believe the passage of the bill itself, even though it only provides for stand-by powers, will have a very beneficial effect by way of psychological control of selfish interests that are taking great advantage of the consuming public in these days.

I was rather interested, as I walked out of my apartment house this morning, to hear the woman at the lobby desk call out after me and say, "Senator, will you do what you can about meat prices?" She said, "They have even increased the price of ham now, and there is no meat that a woman in my position can afford to buy for her family by reason of the great increases in prices which have occurred within recent weeks."

Once before, Mr. President, I commented on this subject on the floor of the Senate, and the American Meat Institute denied my charges of profiteering in the meat industry. I repeat them today, because the American Meat Institute is not going to get by, so far as I am concerned, with a denial of facts. My charge is that there is no justification for the increase in meat prices since the beginning of the Korean war at any level, whether at the level of packers' wholesale prices or at the retail level in the butcher shops, and that those who have charge of the distribution of meat are taking advantage of the American consumer.

I did not rise, however, to discuss the pending bill, other than to remark that I think quick action on the control bill is essential on the part of the Senate to stop the selfish profiteering that has come to characterize so many of the activities of the sellers of consumer goods in America in recent weeks. I did rise to talk about two other matters for the RECORD.

The PRESIDENT pro tempore. The Senator from Oregon has the floor.

SALE OF STRATEGIC GOVERNMENT-OWNED PLANTS

Mr. MORSE. Mr. President, a free and inquiring press is one of our greatest safeguards against bungling and corruption in Government. Many scandals have been averted by reporters calling to the attention of Congress and the people provable facts.

On August 6 a reporter whom I know and respect as trustworthy, Tris Coffin, reported on the radio:

> Attention, Senate watchdog committee. You could well investigate to see who is behind the questionable sale of strategic Government-owned plants. At the last minute Chairman Symington, of the Resources Board, stopped the bargain sale of a Government-owned synthetic-rubber plant at Akron. The deal was all set for General Tire & Rubber Co. to buy the six-and-a-half-million-dollar plant for only $2,200,000.
>
> General Tire did not even propose to make rubber at the plant—instead, plastics. Someone—and the committee could find out who—declared this strategic plant surplus.

This is indeed a problem that should be brought to the attention of the Nation. The United States is today consuming rubber at the rate of 1,200,000 tons a year. Our capacity for producing synthetics is 675,000 tons a year, so I am informed. Communist guerrilla operations in Malaya and southeast Asia are destroying our natural-rubber supply at its source.

It is claimed that this particular plant at Akron, Ohio, with some rehabilitation, could produce more than 30,000 tons of synthetic rubber annually. Both the respected elder statesman, Chairman CARL VINSON, of the House Armed Services Committee, and the Senator from Texas [Mr. JOHNSON], the able chairman of the Senate watchdog committee, objected in writing to the National Security Resources Board regarding the sale of this strategic plant. The sale was stopped.

But there are still hidden facts that should be revealed.

Who approved the sale of the plant? The Resources Board now says the sale should not go through. Presidential Assistant John Steelman says he was not for the sale. The RFC denies it was pushing the sale, and the Munitions Board takes the same position.

Was the go-between in this strange deal a former employee of Rubber Reserve?

Was the Under Secretary of the Navy in any way involved in the back-stage negotiations?

What is this mysterious essential plastic the General Tire Co. now says it was going to produce? A check of the military and the Munitions Board does not disclose any new essential plastic so far as I can find out. Nor is the Resources Board familiar with it.

Last Sunday General Tire & Rubber ran a large and misleading advertisement sharply criticizing the original broadcast which called attention to the proposed sale. This advertisement was not merely an attack on a reliable reporter; it appears to be an attempt to intimidate or, at least, to mislead Congress. General Tire knew that an investigation by the Senate watchdog committee was probable; and the advertisement was, I think, an attempt to intimidate the committee.

It is nothing new for General Tire & Rubber to be at odds with the Government. William O'Neil, president of General Tire, strongly opposed the Shafer Rubber Act of 1948, which requires that facilities be maintained in the United States for the production of not less than 600,000 tons of rated capacity. Mr. O'Neil, in testimony before the Senate Rubber Subcommittee 2 years ago, said:

> Why do we have to waste our money on some kind of a foolish dream of an impossible stock in this country? The price of rubber today indicates there is no shortage of rubber.

Today, however, with great consumption of rubber, there is a deliberate Communist sabotage campaign in natural-rubber areas, and rearmament rubber is once again scarce.

The General Tire & Rubber Co. also is in controversy with the Treasury Department over import duties on styrene, an ingredient used both in synthetic-rubber and plastic production.

The questionable sale of strategic Government-owned plants is but one area where a free and aggressive press and radio can serve the Nation. Any attempt to intimidate such investigations should be sharply criticized.

Furthermore, Mr. President, in my opinion there is a great need for a congressional investigation into the whole question of the transfer of surplus property since the close of World War II hostilities. I think such an investigation will show that great mistakes in judgment were made by many Government officials in respect to the disposal of surplus Government property. I was shocked and disturbed to find since the outbreak of the Korean war that a large number of Sherman tanks, following the end of hostilities, were sold as surplus in the Philippine Islands. Their armament was removed, but other than that I am advised they were left in first-class condition. How valuable these Sherman tanks would have been, Mr. President, at the outbreak of hostilities in Korea, if they could have been quickly removed from the Philippines, certainly a short distance away compared with that involved in shipping tanks from continental United States to Korea. I throw this out as but one suggestion of what I think will be disclosed if there is a thorough investigation on the part of Congress as to the disposition of surplus property, including, for example, the disposition of very useful and large quantities of military trucks, all in first-class shape. I am advised that today there is a shortage of military trucks needed for the transfer of troops to the front lines in case of a sudden outbreak of a full-scale war with Russia.

I sincerely hope that the matter in regard to the particular rubber plant in Akron, Ohio, will simply be the initiating project that will start a thorough in-

tion, now that the question has been raised by the chairman of the Committee on Armed Services, the Senator from Maryland, is that if we can learn from the mistakes in Korea, we may prevent the same horrible mistakes being made elsewhere in the world, and the very security of this country may be involved upon our doing just that.

Mr. MAYBANK. I might add, with the deepest respect, that if we would learn from mistakes we have made on both sides of the aisle, we would be much better off.

Mr. KNOWLAND. I agree. I now yield to the Senator from Minnesota.

Mr. THYE. The junior Senator from California practically answered the acting majority leader on the question of who raised the issue. It was the chairman of the Committee on Armed Services who raised the issue, and the Senator from California is merely trying to make the RECORD clear, to balance the RECORD, so as to show what has taken place in the past, and not leave the RECORD showing that a mistake had been made by some Senator on this side of the aisle, which the Senator from Maryland was attempting to correct for the benefit of the public.

Mr. MAYBANK. I know the Senator would never suggest I would do that.

Mr. THYE. No. If the Senator from California will yield further, I wish to concur in the expression voiced by the able acting majority leader that we must proceed with legislation. There is much proposed legislation on the calendar which must be enacted as speedily as possible, and I personally concur with him that we should look forward to winning the war rather than look backward to who made mistakes. Winning the war is the big issue before us. But the junior Senator from California is absolutely correct in making the RECORD clear here this afternoon as to who started the discussion, and what was said.

Mr. MAYBANK. I was on the Committee on Appropriations, and an amendment was offered providing for a 70-group air force, for which I voted. I voted also for the amendment to increase the Navy last year.

Mr. KNOWLAND. The Senator from South Carolina has had a very fine record, both on the Committee on Appropriations and on the floor of the Senate, on questions affecting the national defense.

Reading again, Mr. President, from the speech of the Senator from Maryland [Mr. TYDINGS], he gave a breakdown of "Value of Aid," in which he listed the following:

1. Office of the Foreign Liquidation Commissioner (Surplus Military Property), $141,000,000.

2. Department of the Army (Government and Relief in Occupied Areas—GARIOA), $301,000,000.

3. Economic Cooperation Administration (shipments through May 31, 1950), $53,700,000.

At this time I am not disputing these figures as figures, but I merely wish to point out that a quick reading of the statement might indicate that the total of $495,700,000 represented military aid, because we were talking about the defense of Korea and the problems of getting military equipment there.

I merely desire to point out that the GARIOA funds listed here are funds for the improvement of the economy, and ECA funds are for the same general purpose. I think they are necessary. They obviously would not have been spent if they were not necessary, but they did not supply a single gun, bazooka, plane, tank, or howitzer, that would outrange what the Russians had given the Koreans on the other side of the line.

Mr. President, at a later date, when I have had more time, I shall give a more detailed analysis of the figures of the Senator from Maryland, but taking his figure of $141,000,000, I assume that that covers the equipment left by our armies in Korea at the time when we finally departed, in July of last year, and the amount that might have been turned over prior to VJ-day, prior to our departure.

I tried to square those figures with what had been supplied by the Department of Defense, and for that purpose I desire to read another paragraph from a letter of an official of the Defense Department to a Member of the Senate:

When United States forces withdrew from Korea we turned over to the Koreans equipment for internal security, and border and coastal patrol forces. For the most part this consisted of * * *, small arms, vehicles, ammunition, signal equipment, liaison aircraft, and coastal patrol vessels.

They seem to be the matters which have been mentioned, which no one disputes. Further:

This equipment originally cost the United States $56,000,000, and was valued at well over $100,000,000 at the time of transfer.

In other words, we have a little bookkeeping profit here. Apparently at the time we bought the equipment it was worth $56,000,000. At the time we turned it over the war cost had gone up, so we figured that had it been new, it would have been worth, as he said, approximately $100,000,000. It has again been inflated a little, apparently, by the Senator from Maryland, and that must be the item which he calls $141,000,000.

Mr. WHERRY. Mr. President, if the Senator from California will yield, that was what I wanted the distinguished Senator to explain, the replacement value and the inventory value, and what was finally received.

The Senator will recall that testimony was adduced, for example, as to the transfer of the B–29's to Great Britain. The only thing that was charged up against the military-assistance program was the rehabilitation of all those planes. Is that not correct? That is the same as the situation with respect to the signal wire that was transferred.

I was at a loss to understand the figures. I think the Senator will recall that the representative of the State Department corroborated exactly what the distinguished Senator just called to our attention, the $56,000,000, and also the testimony given just a day or two ago by the woman who had been in Korea with the military mission, which also corroborated the fact that the equipment that was left in Korea was left there as surplus property. It consisted of light arms. It was not the kind of equipment the South Korean Republic could depend upon to use in preventing an armed force from invading South Korea. Is that not true?

Mr. KNOWLAND. I think, as the Senator put it, that what we were able to do was to equip lightly a number of Korean divisions for the purpose of maintaining internal security and for border control. The South Koreans were armed much more lightly than we would consider that an American division should be armed in order to meet invasion.

Mr. WHERRY. Was it not the testimony of the witness who appeared before the committee that it was hoped the State Department would see the light; that the South Koreans needed heavy equipment; that they needed heavy artillery; that they needed the armament so necessary now to protect the security of South Korea?

Mr. KNOWLAND. I think there is no doubt about it. Without trying to quote the person who testified——

Mr. WHERRY. I cannot quote him.

Mr. KNOWLAND. I have discussed the matter with members of the misson and have some knowledge of Korea. From time to time they pointed out that they needed heavier equipment, but that a ceiling had been placed upon them with respect to equipment; that they were only going to receive so much money, and, as a result, they had to use the money primarily for replacement parts. That is the actual fact of the situation. I am obliged to leave in a moment to catch a plane. I wanted to mention that point.

I had previously discussed with the Senator from Massachusetts the fact that in the arms-implementation bill less than 8 percent was allocated to the Far East, an important theater. On top of that priority, the testimony is clear that so far as the South Koreans receiving any excess equipment is concerned, they were also receiving a low priority.

Mr. WHERRY. That is a fact.

Mr. KNOWLAND. So what they got was a double-low priority.

Mr. WHERRY. Yes, and then the representative said that because of the low priority it was impossible to obtain this other equipment.

Mr. KNOWLAND. Yes.

Mr. WHERRY. So that corroborates and establishes the correctness of the statement the junior Senator from Nebraska made during his colloquy with the Senator from Maryland, as to what the policy was; that there was no opportunity for South Korea to obtain the military equipment so desperately needed. Is that not true?

Mr. KNOWLAND. Yes. I should like to say, so neither Senators nor anyone else will think that this information is not up to date, that the date of the letter from the representative of the Defense Department is July 19, 1950.

Mr. WHERRY. Mr. President, I should like the record to show it was

only after the distinguished chairman of the Armed Services Committee raised this issue that I, knowing of the visit of the distinguished Senator from California to Korea, and that he had in his possession the memorandum, that he has industriously followed the hearings, and has made notes respecting the equipment in question, I felt it was absolutely necessary that the Senator from California come to the Senate Chamber and set the record straight once and for all respecting the low priority to the South Korean Government in the matter of military equipment and the fact that the equipment furnished them was simply for the training of a constabulary force. That is the way the State Department has treated the South Korean Government from the beginning.

Mr. KNOWLAND. I thank the Senator from Nebraska.

Mr. President, I thoroughly agree with the acting majority leader, the Senator from South Carolina, and I am sure I express the views of Members on this side of the aisle that the big job ahead of us is to bring the Korean war to a successful conclusion, but that if we are not to become involved in a similar type of situation elsewhere in the world we had better learn from the mistakes—and I think they have been real mistakes—we have made in the past.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Mr. KEM. Mr. President, I submit an amendment to the bill, and ask that it be printed and lie on the table.

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). The amendment will be received, printed, and lie on the table.

Mr. KEM. Mr. President, in January 1945, the OPA and WPB jointly undertook to issue a regulation which they called "maximum average pricing," or more popularly known as MAP. The object of this plan was to require each seller of merchandise to sell exactly the same amount or quantity of merchandise in each price range to each customer as the seller had done in the base period.

The proposal met with Nation-wide opposition. Protests were immediately forthcoming. It was obviously impossible for any seller to deliver specified quantities of merchandise at any price because of shortages of material and labor. Therefore, if the seller had adequate material available to sell at five price ranges and little or no material to sell at a sixth price range, it was virtually impossible for him to sell at any price range.

In view of the fact that some ill-advised officers of the OPA insisted upon having the program inaugurated, a special committee of the House of Representatives under the chairmanship of Representative B. HOWARD SMITH of Virginia, held hearings in the House caucus room during March and April 1945. An adverse report was made to the House on the maximum average price plan as proposed.

As a result of this report by the Smith committee, the plan was withdrawn; but it revised and proposed again in the fall of 1945 in a form known as S. 108. Fortunately, at that time both the House and the Senate were considering the extension of the Emergency Price Control Act of 1942, and, therefore, both the House and Senate Banking and Currency Committees had an opportunity to hear testimony on the proposed plan. The result was that the House Banking and Currency Committee proposed an amendment prohibiting any regulation requiring the maximum average pricing formula. This provision was passed in the spring of 1946 by the Eightieth Congress, second session. This provision remained the pricing policy of the Congress and the Nation from that time to the end of price controls.

Despite this, last week when the House bill on this subject was under consideration, an attempt was made in the House to authorize a maximum average price formula. The House, by an overwhelming vote, defeated the proposal, and reaffirmed its stand on it. Since that time, the view has been expressed in some quarters that despite this evidence of legislative intent, the language of the bill is broad enough to permit the application of the now discredited maximum average price formula.

All my amendment seeks to do, therefore, is to reaffirm the congressional policy established on this subject after more than a year of investigation and painstaking consideration.

Mr. President, I hope very much that my friend, the distinguished Senator from South Carolina [Mr. MAYBANK] the chairman of the Banking and Currency Committee, will see fit to accept the amendment.

Mr. MAYBANK. Mr. President, I appreciate what the Senator from Missouri has said. I can only say that I will give consideration to the amendment when we vote on the bill and on the amendments, beginning at 1 o'clock on Monday next.

Mr. KEM. I thank the Senator.

LEGISLATIVE PROGRAM

Mr. MAYBANK. Mr. President, I understand that the conference report on the social-security bill has come from the House of Representatives.

The PRESIDING OFFICER. The Chair is informed that the conference report has been messaged to the Senate and is being located at the present moment.

Mr. MAYBANK. Mr. President, I desire to state that I have just spoken to the distinguished senior Senator from Georgia [Mr. GEORGE] the chairman of the Finance Committee. The Finance Committee is in session, endeavoring to work out the final draft of the tax bill, which we shall take up next Tuesday or Wednesday, as I understand. The Senator from Georgia asked me to state that he has some remarks to make on the conference report on the social-security bill, and that he had expected to deliver those remarks in the Senate this afternoon, but that for him to do so now would necessitate having the Finance Committee adjourn. The Senator from Georgia said that inasmuch as the Finance Committee hopes to finish its deliberations on the tax bill today, he will make his remarks on the conference report on the social-security bill tomorrow.

I wish to say that tomorrow, when the Senate meets, the first matter to be considered will be the road bill, which I discussed earlier today with the Senator from Nebraska [Mr. WHERRY]; and we shall make that bill the order of business as soon as we are able to do so, either by means of obtaining unanimous consent for that purpose, or, if objection is made, by motion. Of course, any Senator will have a right to move that the bill be taken up.

So, Mr. President, if there is nothing further to come before the Senate this afternoon—in view of the necessity of the Finance Committee meeting this afternoon, in order to finish its deliberations on the tax bill—I shall move that the Senate take a recess until 12 o'clock tomorrow.

STUDY OF FUEL RESERVES—MOTION TO RECONSIDER

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). Before the Chair entertains a motion for the Senate to take a recess, the present occupant of the Chair, as a Senator speaking from the floor, enters a motion that the Senate reconsider the vote by which Senate Resolution 239 was agreed to yesterday.

The Chair wishes the RECORD to show that the motion to reconsider is entered; and at a later date the motion will be called up.

Mr. KEM. Mr. President, may the acting minority leader inquire what that resolution is?

The PRESIDING OFFICER. It is a resolution which was reported by the Senator from Arizona and adopted by the Senate yesterday. It provides for an investigation of available fuel reserves and the formulation of a national-fuel policy.

Mr. KEM. I thank the Chair.

Mr. MAYBANK. The acting majority leader understands that the present occupant of the Chair, the Senator from Oklahoma, moves to reconsider the resolution (S. Res. 239), and that the motion will be entered. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

RECESS

Mr. MAYBANK. I move that the Senate recess until 12 o'clock tomorrow.

The motion was agreed to; and (at 4 o'clock and 42 minutes p. m.) the Senate took a recess until tomorrow, Thursday, August 17, 1950, at 12 o'clock meridian.

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 16 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. HOLLAND to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 31, lines 20 and 21, strike out "where the amount involved does not exceed $10,000," and insert "without regard to whether the amount involved exceeds $10,000,".

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(k) No rule, regulation, order, or price schedule issued under this Act shall require any seller of materials or property to limit, average, or apportion his sales among price ranges on the basis of any average or apportionment of sales made at any prior time.

8-16-50——B

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On page 40, beginning with line 7, strike out through page 42, line 13, and insert in lieu thereof:

"(1) establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material, service, or property; and

"(2) establishing a ceiling or ceilings on the wages, salaries, and other compensation paid to or received by any person for any type of employment:

Provided, That no ceiling shall be in effect with respect to any material, service, property or type of employment unless ceilings are in effect for all materials, services, property, and transactions therein, and types of employment, other than those exempted by section 402 (e) or specifically by the President pursuant to section 402 (f)."

Reletter the succeeding subsections accordingly.

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out some agreement to act on some day certain on this measure.

We have heard a great deal on both sides of the aisle this week, as we have debated bipartisan foreign policy, about the time having come when we should recapture the initiative from Russia. I think the Senator from Massachusetts [Mr. LODGE] was exactly correct in his statement. He criticized American foreign policy, whoever conceived it, because it has lost the initiative to Joe Stalin. We can ill afford that, Mr. President. The passage of our Communist-control bill will help us recapture the initiative, because it will signal clearly to the Russians that we have decided to resist their kind, their creed, and their fellow travelers; that we have decided, at long last, to enforce the provisions included in the guaranty given by Stalin in 1933, when we first recognized Russia. He committed himself in 1933, in November, not to tamper with our internal affairs. Let the world know that we mean business. That is recapturing the initiative. That is getting our foreign policy out of the cantankerous controversy and bickering in which politicians are trying to shift responsibility for the failure which resulted in the shooting war in Korea.

War is the trade-mark of a foreign policy which has collapsed and gone bankrupt. It is not the goal of anyone's foreign policy to promote war; it is to avert war. Whoever is responsible for our foreign policy failed miserably when the shooting started in Korea.

There is another way in which we can recapture the initiative, and that is by letting the world know that America means business in the fight against communism. If we act favorably next Monday we shall let the boys in Korea know we have quit coddling Communists at home. Someone this afternoon has said something about putting first things first. I am trying to put first things first for the benefit of the boys in the front lines. I do not think they are very much concerned about any political jockeying which might go on between my friend from Pennsylvania and myself. The boys would like to know that the great Senate of the United States has declared that we are going to compel the saboteurs and the Communist agents to come up out of the ground or go to jail. We thought enough about winning the war, Mr. President, to put on a rider, even though it was not exactly in the right place. We thought maybe the time had come to put policy, principle, patriotism, and winning the war above a silly and mildewed precedent with reference to saving the integrity of some committee. We went on the initiative.

Finally, Mr. President, I think favorable action by the Senate will be an excellent example to set before the rest of the world, encouraging some of our friends in other countries, also, to do something about communism. Let them know that the United States is facing up to the issue; it will help nudge them to face up to the issue over there. We are the great democratic leader of the world. They look to us and say, "What are you doing about Communists in America?" We say, "Nothing, except talking about them and 'cussing' them out. We are not compelling them to register. We are not forcing them out above ground. We are giving them privileges and opportunities and favors which are denied Republicans and Democrats at election time.

I thing we ought to tell the world now that we are in a crusade against communism, and thus do something that they can imitate and cannot fail to understand and respect. I submit we can do nothing in the field of foreign policy now that would more readily capture the initiative and more encouragingly inspire our soldiers in Korea, or would set a better example before friendly countries, than to act on Monday, precedent or no precedent, and to declare that we favor this Communist-control legislation.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. FERGUSON. I merely wished to call to the Senator's attention the fact that the provisions of the Mundt-Ferguson-Johnston bill have not been debated or opposed in the Senate of the United States. It is only the fact of bringing it up for a vote that has been the subject of debate. The Senator, I think, will agree that that is correct.

Mr. MUNDT. That is correct.

Mr. FERGUSON. In looking over the RECORD, I have failed to discover any debate or any real opposition to the merits of the bill. All the debate regarding it has occurred on the question of its consideration. Is that not correct?

Mr. MUNDT. That is correct. I think there is also involved, of course, the point of whose brand is to be put on the heifer. I think there is a little interest in that. Let me say this in conclusion, in response to the interesting commentaries of my good friend, the Senator from Pennsylvania [Mr. MYERS]. He said something about politics in this bill. I have searched my mind and heart to find any basis for the charge that we are playing politics. The charge has been made repeatedly by the majority leader, and it has now been made by the acting majority leader, the Senator from Pennsylvania [Mr. MYERS].

We do not want to be guilty of playing politics with communism. I have tried to find out how we can be accused of playing politics. Let me restate the history of this bill, so that we have it in the RECORD. This legislation was introduced by a bipartisan group consisting of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Michigan [Mr. FERGUSON] and myself. It was referred to a subcommittee headed by a great distinguished jurist, a member of the Judiciary Committee, the Senator from Mississippi [Mr. EASTLAND]. Three members of the committee were Democrats, and two were Republicans. The subcommittee voted the bill out unanimously. It came before the Committee on the Judiciary. That committee is comprised overwhelmingly of Democratic Senators, headed by the Democratic Senator from Nevada [Mr. MCCARRAN]. The committee voted the bill out with only one dissenting vote. That was by a Republican Senator [Mr. LANGER]. So I cannot see how any politics is involved. Politics did not come into it until something happened and it changed from a rolling legislative ball into something tied up in moth balls in the Democratic policy committee which is of course a hand maiden of the Democratic National Committee. I do not know what happened to put this measure in a pigeonhole.

Certainly I can't understand how we can be guilty of politics. We are willing to work out any cooperative program that Senators on the other side of the aisle wish to suggest in order to get action. What distresses us is that while the war goes on, the sabotage goes on, propaganda goes on, and the communist conspiracy goes on at home, and while all this twaddle appears in the Daily Worker about the war effort, we continue to wait and delay and act uncertain and send up new bills, trying to get away from doing something to meet the menace of communism. We have already lost many weeks of valuable and irretrievable time. Some day we may all rue this fact.

Mr. President, I hope that without further delay the Senate will be given a chance to declare itself on this important matter of such great significance all around the world.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Mr. MAYBANK. Mr. President, I understand that three Senators would like to submit amendments to the pending measure. First, I should like to send to the desk an amendment with the explanation that it is a corrective amendment, which I submit at the request of the Department of Agriculture. I submit it in behalf of myself, the Senator from Virginia [Mr. ROBERTSON], and the Senator from Kentucky [Mr. CHAPMAN].

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. MAYBANK. Mr. President, I ask unanimous consent that a statement which I have prepared on the proposed amendment be printed in the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

1 and 3. The amendment changing the word "higher" to "highest" is necessary because there are more than two minimum prices applicable to ceilings on agricultural commodities.

2. The amendment to be inserted at page 44, line 20, will add two additional minimum standards applicable to ceilings on agricultural commodities. S. 3396, as reported by the committee and amended on the floor, prohibits the establishment of any ceiling on agricultural commodities below (1) the parity price of such commodity or (2) the price received by producers during the period May 24, 1950—June 24, 1950. There are a number of agricultural commodities which because of their seasonal nature were not marketed during this period; hence the effective minimum ceiling prices for those commodities would be the parity price. The provision contained in the amendment adding section 402 (d) (3) (iii) establishes an additional minimum ceiling price which will be applicable to these commodities for which the market was not active during the specified period. Such price will be the average price received by producers during the most recent representative period prior to May 24, 1950, as determined by the Secretary of Agriculture, in which the market for such commodity was active, adjusted to a price in line with the level of prices received by producers for agricultural commodities generally during the period May 24 to June 24, 1950.

This will tend to assure an equality in treatment between producers whose commodities were not marketed during the period May 24, 1950–June 24, 1950, and producers of commodities which were marketed during the specified period.

Under existing law the price of fire-cured tobacco is mandatorily supported at 75 percent of the loan rate of Burley tobacco of the corresponding crop, and the prices of dark air-cured tobacco and Virginia sun-cured tobacco are mandatorily supported at 66⅔ percent of the loan rate of Burley tobacco.

This amendment would insure minimum ceiling prices for these commodities which would be the same percentage above the support price as the minimum ceiling for burley tobacco is above the support price for burley.

4. The other amendment requires the President in establishing maximum prices for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this act and for which different areas have different periods of marketing during such season to give due consideration to affording equitable treatment to all producers of such agricultural commodity in all areas.

Some agricultural commodities have already been marketed at prices above the minimum ceiling prices specified in this section. The proposed amendment would require that due consideration be given to the establishment of ceiling prices on these commodities at levels which will afford producers in all marketing areas an opportunity to receive the prices obtained by the producers who marketed such commodities in areas prior to the enactment of this act. This paragraph also requires that due consideration be given to affording producers of similar commodities produced for the same general purpose ceilings in line with those commodities for which the marketing season began prior to the enactment of this act. This provision is limited to ceilings which may be established only during the 1950 marketing season and, therefore, may prove to be of limited applicability.

Mr. IVES. Mr. President——

Mr. MAYBANK. I yield to the Senator from New York.

Mr. IVES. Mr. President, I ask unanimous consent at this time to offer an amendment to Senate bill 3936, which I send to the desk and ask to have printed and lie on the table. At the same time I ask that a statement which I have prepared regarding the amendment be incorporated in the RECORD.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table. Without objection, the statement will be printed in the RECORD.

STATEMENT BY SENATOR IVES UPON AMENDMENT DEFINING THE POWER OF THE SECRETARY OF AGRICULTURE TO SET MILK PRICES IN AREAS NOT COVERED BY FEDERAL MILK MARKETING ORDERS

The purpose of this amendment is to insure that fluid milk prices in different areas of the country—not covered by Federal marketing agreements—are fixed in the same ratio as prevailed in the pre-Korea base period.

At present this bill contains a comparable provision affecting those 150,000 farm families which now are subject to Federal milk-marketing orders. This amendment remedies the inequity brought about by ignoring the over 700,000 farm families which are not covered by Federal marketing agreements.

The measure merely provides that—in fixing milk prices—the ratio between prices in different areas must be maintained. Since milk prices in the different areas were determined in the first instance by differences in milk quality, and costs of feed, this bill simply directs the Administrator to take these varying factors into consideration.

It is further provided that—whenever the Secretary of Agriculture decides that this formula would not be in the best interest of a given area—it need not be applied.

Because this amendment insures a steady milk supply by guaranteeing equitable treatment to the 85 percent of farm families which are not covered by Federal milk marketing agreements, its inclusion now would be in the best interests of both the farmers and the milk-consuming public.

Mr. KEM. Mr. President——

Mr. MAYBANK. Mr. President, I yield to the Senator from Missouri.

Mr. KEM. Mr. President, I ask unanimous consent to offer an amendment to Senate bill 3936. I ask that the amendment be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. MAYBANK. Mr. President, I yield to the Senator from Pennsylvania.

Mr. MYERS. Mr. President, I enjoyed the remarks of the Senator from South Dakota. As is ofttimes the case—and I am sure he did not mean to do it—words have been put in my mouth which I did not utter. The Senator from South Dakota was not criticized for playing politics because of the bill which he is sponsoring and which he has offered in the form of an amendment to the pending bill. I mentioned politics because of the Senator's fantastic attack, as it seemed to me, upon the foreign policy of America. I think there have been too many political attacks made upon the foreign policy of America. I intend in the near future to discuss this on the floor of the Senate. I hope the Senator did not think that I meant to infer that he was playing politics because of his sponsorship of his internal-security bill or his offering of it as an amendment to the pending legislation. The Senator is mistaken if he so interpreted my remarks.

Mr. MUNDT. I am happy to have the Senator's interpretation. However, if the Senator will search my remarks, I think he will find that the junior Senator from South Dakota had not even criticized Democratic foreign policy at all at the time the Senator from Pennsylvania made his attack about politics.

Mr. MYERS. He made a political attack upon the Democratic policy committee. The Senator time after time this afternoon, as well as on previous days, made atacks which I believe were political attacks upon the Democratic policy committee. I raised the issue of politics not because of the nature of the legislation involved. It is my intention in the near future to review our foreign policy, to review the votes of the leadership of the Republican Party in the United States Senate, and to review the votes of the Republican Party on these great issues that have helped to contain communism, that kept the Communists behind the iron curtain. Those are matters which I intend to raise. However, I hope the Senator understands that when I attributed some politics to him it was not because of his sponsorship of his bill.

Mr. MAYBANK. Mr. President, I yield to the Senator from South Dakota.

Mr. MUNDT. Mr. President, I have no disposition today to engage in any political debate which the Senator desires to instigate about our foreign policy. He has a right to inject that into the debate at any time. I may be inspired to participate in it at some later time. Just now I am concerned that we delay no longer in enacting legislation to curb and expose Communists here in America. What we need now is action, not alibis.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAYBANK. The distinguished Senator from Minnesota [Mr. HUMPHREY] and the distinguished Senator from New Jersey [Mr. HENDRICKSON] have indicated that they wish to speak this afternoon. They will take probably 40 minutes. The Senator from Illinois [Mr. DOUGLAS] has been waiting all day to speak. I understand the Senator from Mississippi [Mr. STENNIS] likewise intends to speak this afternoon.

Mr. STENNIS. Yes.

Mr. MAYBANK. I appreciate the fact that the first Senator who addresses the Chair is recognized. Would it be in keeping to have a unanimous-consent agreement that the Senator from Illinois may be recognized to make his address tomorrow following the convening of the Senate at noon and after a quorum call, unless there be some matters such as conference reports before the Senate. If such an arrangement can be made, we may conclude by 7 o'clock today.

The PRESIDING OFFICER. The request of the Senator from South Carolina is in order. Is there objection to it?

Mr. MAYBANK. I ask unanimous consent that upon the convening of the Senate tomorrow, and following the quorum call, if there are no conference reports ready for consideration, the Senator from Illinois be given an opportunity to address the Senate.

Mr. FERGUSON. May we waive the quorum call?

Mr. DOUGLAS. I have no objection.

Mr. FERGUSON. If we do not have a quorum call the Senator could start immediately after the Senate convenes.

Mr. MAYBANK. There may be some conference reports ready for action. I should like to have a quorum call, if it is agreeable to the acting minority leader.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina?

The Chair hears no objection, and it is so ordered.

Mr. MAYBANK. I understand the Senator from New Jersey and the Senator from Minnesota have an agreement as to which will proceed at this time.

Mr. HENDRICKSON. I yield to the distinguished Senator from Minnesota.

Mr. HUMPHREY. I thank the Senator from New Jersey. It is very courteous and kind of him to yield.

Mr. MAYBANK. Mr. President, I have been advised that the Senator from New Hampshire [Mr. BRIDGES] also desires to speak tonight. So, when the Senator from New Jersey concludes, the distinguished Senator from New Hampshire, who is the ranking Republican member on the Committee on Appropriations, will be heard.

The PRESIDING OFFICER. The Chair has a list of those who desire to be heard. First on the list to be recognized after the Senator from South Dakota concluded was the Senator from New Hampshire [Mr. BRIDGES], but the Senator from New Hampshire is not present at the moment. The Senator from New Jersey [Mr. HENDRICKSON] is next, then the Senator from Illinois [Mr. DOUGLAS,] and the Senator from Mississippi [Mr. STENNIS].

Mr. MAYBANK. The Senator from Illinois [Mr. DOUGLAS] will wait until tomorrow, and the Senator from New Hampshire [Mr. BRIDGES], just notified me he desires to be heard tonight. When the Senator from Minnesota and the Senator from New Jersey conclude, if it is agreeable, the Senator from New Hampshire will be heard.

The PRESIDING OFFICER. Followed by the Senator from Mississippi.

Mr. MAYBANK. Again I wish to advise Senators who may be interested as to the time when the Senate will recess, that it will be at least an hour or an hour and a half from now.

FIFTH ANNIVERSARY OF THE INDEPENDENCE OF INDONESIA

Mr. HUMPHREY. Mr. President, today marks a holiday for the Republic of Indonesia, and it is entirely fitting and proper that this honorable body, the United States Senate, should give special recognition to this important holiday. Its importance is clearly outlined by the terrific struggle in which we are engaged in the Far East, and the necessity of the United States of America and the other free and independent nations of the United Nations maintaining the most cordial, friendly, and hospitable relationships.

Five years ago the people of Indonesia declared their independence as a free nation. It is an occasion which affords us a singular opportunity to reaffirm our support of the people of Indonesia and of free peoples everywhere who seek genuine national independence and democratic self-government. The Senate of the United States has already, to its credit, unanimously passed a resolution to this effect.

One hundred and seventy-five years have passed since our own Revolutionary experience. That is a long time, but the names of Concord, Lexington, Valley Forge, and Yorktown have not lost their capacity to stir our deepest emotions. In our hearts, there is still the ring of Jefferson's undying words which began "When in the course of human events, it becomes necessary for one people to dissolve the bonds which have connected them with another." We remember the proclamation to the unbelieving world of 1776 that "we hold these truths to be self-evident, that all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness."

We know that these are not mere words out of the past, echoes of some forgotten era. They are the eternal symbols of American liberty. They are vital mainsprings of our ceaseless efforts to improve the institutions under which we live. It is to them that we invariably turn for a renewal of faith in the never-ending struggle against injustice and tyranny.

Other peoples, too, have drawn strength and hope from our revolutionary symbols. During the nineteenth century our symbols of liberty spread throughout much of the world. Crowns in Europe tumbled at their approach, and in South America colonies threw off their shackles. Today in Asia the beliefs of the founders of this Nation are finding a renewed expression and the truths they articulated a new confirmation.

The peoples of that vast area demand and are obtaining that basic right of all human beings—the right to order their national existence in their own way, the right to live in independence, in peace, and in equality with the other nations of the world. It is the same right which was claimed by the Thirteen Colonies in America in the eighteenth century. It is the same right which later generations of Americans have fought to uphold.

National freedom does not come easily to peoples nor is it easily defended. This is no less true for Asia than for the United States. In Asia, as in America, freedom has exacted its sacrifice of patriots. In Asia, as in America, it has demanded the putting aside of personal fortunes in a common dedication to noble purpose.

Asians have shown that they are willing to pay this price. They have the selflessness, the courage, and the determination to establish foundations of enduring liberty.

Nowhere is this better demonstrated than is the Republic of Indonesia. Not a few of the present Indonesian leaders have spent long months in prison for their dream of liberty. Others who shared this elusive dream have had to lay down their lives before it could become a reality. For decades the nationalist movement felt the heavy hand of foreign domination.

But the Indonesian peoples refused to abandon their hope, and by the summer of 1945 a mighty tide of national liberation had swept over Java and Sumatra and rolled on into the outlying islands. From one end of the archipelago to the other, the cry "Mederka"—freedom—was heard as the republic came into being.

Four years were to pass, however, before that cry obtained the sanction of a legal transfer of sovereignty. They were difficult and bitter years. To make matters worse, in the midst of their greatest difficulties for independence, the republicans were beset with an internal Communist uprising, which was put down only by a near-exhausting expenditure of their strength.

By the winter of 1948–49, the fortunes of the Republic were at their lowest ebb. President Soekarno and other leaders were in jails. Almost all the principal Indonesian cities were held by the Dutch Armies, which numbered more than 100,000 men. But the spirit and will for democracy and independence was strong and deeply embedded within the people.

Gradually the weight of world opinion began to make itself felt in the situation. The United Nations worked tirelessly to bring about a settlement which would protect the legitimate interests of the Netherlands, but which would also insure the independence of Indonesia. Such a settlement was achieved at The Hague in December 1949. Sovereignty was transferred in the same month to the United States of Indonesia. On December 28, 1949, the United States recognized the new nation, and we today pay our respects to the Republic of Indonesia.

We as Americans can take pride in the part our Government has played within the United Nations to bring into being an independent Indonesia. Our representatives on the Security Council consistently opposed efforts to seek a solution by force. Moreover, since the creation of the UN Committee of Good Offices on Indonesia in 1947, we have had representatives in that country who have worked to achieve a satisfactory formula for reconciling the Dutch and the Indonesians. We in the Senate have even a more direct cause for pride. Our colleague, the distinguished junior Senator from North Carolina [Mr. GRAHAM], was a member of the UN committee that helped to negotiate the Renville Agreement, and it was that agreement which showed the way to an eventual settlement of the problem.

Now that the Indonesians have achieved their independence, what lies ahead for them? Our own experiences indicate that a revolution is a beginning, not an end. National freedom would be an empty phrase unless it had as its objectives human equality and a freer more satisfying way of life for all people.

We may expect that, as they met their responsibilities in bringing about their independence, the Indonesians will also

meet those new responsibilities to their country and to the world community which are an essential obligation of freedom. As they move forward, therefore, toward new horizons of accomplishment, it is altogether appropriate that we wish them well and express to them our hope that in the very near future we will see and live with a prosperous Asia, independent and democratic, free from militarism, oppression, and fear of totalitarianism.

Again I thank my friend and colleague from New Jersey for his courtesy and kindness.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Mr. HENDRICKSON. Mr. President, it is with extreme reluctance that I arise today to associate myself with the unfinished business, Senate bill 3936. With its immediate purposes I am in genuine accord, but with the philosophies it engenders, I have little sympathy. This is so first, because as an American, I resent mandatory controls and their attendant restrictions, and second, such a program is contrary to the whole philosophy of our form of government and our way of life.

The sort of controls we here seek to impose could, in the flash of an eye under dictatorial influence, crush and destroy all the precious heritages which we seek by their enactment to protect. Truly, they represent another surrender of our representative form of government to the totalitarian ideologies. They should not be necessary, but in the world-shaking crisis which presently confronts our Nation, they are necessary.

If we are to be honest with ourselves, we must admit they are necessary because selfish, unpatriotic Americans have allied themselves with either one of two groups, both of which put the needs of their Nation second to their own selfish purposes. They are the profiteers on the one hand, and the hoarders on the other. We have had them with us always, but never have they been so prevalent and so disgustingly avaricious as they disclosed themselves to be since the Korean war.

It is, of course, a sorrowful thing that to weed out these people who insist upon excessive profits and well-stocked larders while boys are bleeding and dying in Asia, we must inconvenience and embarrass countless thousands who would neither profiteer nor hoard. But well-ordered law, which is what we are fighting to protect, must sometimes work hardships to the end that its advantages to the whole people may survive. In our everyday lives we can treat individually with those who cause us inconvenience and embarrassment by their dishonest and fraudulent practices. But in time of national and international peril, only by strict, rigid and sometimes arbitrary governmental control can we check the selfishness and greed of unscrupulous traders.

Piecemeal efforts and voluntary controls will not do the job.

Mr. President, I know the weakness of controls. I know the natural trend toward black markets which results therefrom. Again and again, in the occupation of Europe, I was charged with the enforcement of rationing measures, of controls of the severest nature, but they were emergency measures forced by stark necessity and though there were violations—wholesale violations in some instances—the value of controls was definitely and generally established. Those controls at that time fed and clothed great populations. They kept our fighting forces free and clear of rioting and civil commotion in our immediate rear.

Yes, sadly enough, we do have to meet necessity when it arises, and at times by extraordinary methods, and today necessity knocks at our door, not gently, but with a firm and threatening hand—indeed, with an armed fist. Members of the Senate, we are at war—longer to think of the Korean incident as a "police action" is to think of Gettysburg as a mere skirmish—it is to think of Pearl Harbor as a water-front fire.

We today not only fight the army of North Korea—we fight the cold and treacherous forces of communism the world over. We fight a Russia which is far more imperialistic and ruthless than the Russia of the czars. We fight a godless and dogmatic regime dedicated to the proposition that they will either rule or ruin.

Of course, Mr. President, I know how illogical it may seem to damn and criticize a vicious ideology based upon totalitarianism and in the same breath centralize further controls in our country where centralization has nearly reached the breaking point. But the American people still speak through the ballot and when a few years ago, they wanted to be rid of controls, they said so in no uncertain terms in the selection of their representatives—and they will do so again when the time is appropriate. In fact, on this issue I can state with certainty that the people of my great State have already spoken with clarity and force, this time of course for controls. During the past 6 weeks my mail has been almost unanimous in favor of an all-out control program to be applied when necessary. And strange as it may seem, most of the support emanates from responsible citizens in every level of life who heretofore had looked upon price controls with alarm and as a vehicle of political regimentation toward a socialistic state. Today, as in the past, our citizens are prepared for any sacrifice in order to protect and defend those brave men and women who are presently and who, in the future, will be offering their lives in the defense of our Nation and free men the world over.

The bill before the Senate of the United States is by its very nature offensive to most of us because, as I have said, it violates the very spirit of our way of life.

There is an old axiom to the effect that we must fight fire with fire, we must kill poison with poison, and so as I see the two-horned dilemma with which we are presently being gored, we have but one choice, and that is to invoke the philosophy of that axiom. Without question, it was in this sphere of thought and in this spirit that the distinguished Committee on Banking and Currency of the Senate of the United States approached the difficult and complex problem with which it was confronted on this extremely vital issue, and at this point, I may say that that committee has produced a document which in principle is a magnificent attest to the ingenuity of inspired American patriotism in an hour of tension, sadness, and not a little frustration.

With the general policies of the bill under consideration, I can, under existing circumstances, have no quarrel. Those policies, to me, as I have indicated, are crystal clear necessities of the moment regardless of my fundamental beliefs upon our normal constitutional limitations and procedures in the interest of the people. And so to the committee I can only say, "Well done, good and faithful servants." Their patriotic and arduous labors in a time of stress and strain will be to the everlasting credit of every member of the committee.

And I may say, further, that their efforts are another brilliant indication that America in a crisis can be completely without partisanship—that it can forget party strife and party pettiness even in an important election year. Indeed, the efforts of the committee in this instance furnish proof positive of the fact that to attack the integrity of America and its high and lofty aims for mankind is only to strengthen its economy and unite its forces, regardless of party, race, or creed. I commend, despite my disagreement with some phases of the bill, the committee for its bold and fearless approach to what to most Americans under more normal circumstances would be a very unpopular program.

Mr. President, I shall not at this point belabor the Senate with those provisions of the bill concerning which I have serious reservations because I am sure that appropriate amendments, both pending and heretofore adopted, will alleviate much of my concern in this respect. But I would like briefly to discuss the one phase of the over-all problem of controls as it confronts us in this bill which must give concern, not only to the Members of the Congress but to the people whom they represent, and, I may say, to those who are concerned the world over with their individual liberties. I refer to the all-out powers which we would vest in the executive branch of Government by enacting the bill.

For 18 years now the executive branch of our Government has virtually dominated our entire system of checks and balances through one crisis after another, each time using the crisis as the excuse, and throughout those 18 years

each succeeding Congress—with the exception of that "infamous" Eightieth Congress, which to me will ever belie the indictments of its opposition—each succeeding Congress has surrendered more and more of its authority, its power, and it moral and legal responsibilities, and here today we find ourselves again preparing to surrender tremendous all-out powers to the executive and administrative branches of Government.

I have said that in this instance there is no escape; but in the interest of America and its future, in the interest of our time-honored constitutional procedures, under which the legislative, executive, and judicial branches of Government each has its separate and distinct functions in the interest of the survival of all the traditions which have reflected themselves so vividly in our accomplishments as a nation, down through the years of our existence, I take this opportunity both to warn our people and to challenge the inner soul of the American President, that this surrender of powers might well be the last surrender unless those powers are used with the utmost discretion, unless those powers are applied with the greatest exactness of the purpose for which they are intended. I warn that unless the greatest integrity is invoked in the execution of the broad powers of this bill, they will fail of their purposes, even as the surrender of powers in the greatest era of the Roman Empire failed in its purpose.

Yes, Mr. President, the responsibility which by the enactment of this bill will be placed on the doorstep of the President of the United States, is equally as great as the challenge which, by our action on this issue, we have hurled to the American people, for clearly unto them we say, "To protect your precious liberties, we, the Congress of the United States, have unleashed powers which can clearly destroy those liberties unless you are constantly aware of and alert to the dangers which they offer in the difficult months and perhaps years ahead." The eternal vigilance of which Mr. Jefferson spoke so eloquently more than 150 years ago, is now the challenge to all of us, as we await the faithful execution of the extraordinary powers contained in the pending legislation; and this is so now, more than ever before in our history.

On this score, I should like to bespeak my deep personal convictions regarding one of the important features of Senate bill 3936.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. HENDRICKSON. I am glad to yield.

Mr. MAYBANK. I wish to compliment the Senator from New Jersey on the speech he is making; and I wish to point out that the only person to whom we could give such powers, under the Constitution, is the President of the United States. I am as hopeful as is the Senator from New Jersey that the President will exercise those powers wisely.

Mr. HENDRICKSON. I am sure that will be so, and I thank the Senator from South Carolina for his contribution.

Mr. President, by the enactment of section 304 we would virtually authorize the credit of the United States, on the approval of the President, to be used to the extent of $2,000,000,000 on a contingent basis. This, in my judgment, in the light of present fiscal trends and present fiscal needs, goes too far. Already we have mortgaged our future to a point of internal danger; and whether we of the Congress like it or not, we, each of us, under the Constitution of the United States, have both a legal and a moral responsibility to our country and its people to control the purse strings of the Nation. What does the Constitution say in this respect? Section 8 of article 1 provides, in part, that—

> The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States;
>
> To borrow money on the credit of the United States—

And so forth.

To me, that provision of the Constitution means that we are the sole custodian of the Nation's fiscal business; and we therefore have no right to delegate excessive authority in this regard. Clearly, we have a solemn obligation which we cannot escape or avoid without both an actual and a moral violation of our oath as Senators. Again and again for the last 18 years we have been shirking responsibilities in respect to this phase of the Nation's business, doing so under the guise of emergencies. I believe that the people of America want an end to the sort of fiscal management which they have seen in their National Government in recent years. So, in respect to this particular provision of the bill, namely, section 304, I shall support any reasonable amendment to curtail such an excessive authorization.

Further than this, I shall support, as I have indicated, other amendments which are designed to safeguard and to bring the measure more in line with our constitutional concepts.

I want now to reiterate a thought which I expressed at the very outset of my remarks, to the effect that by the action we are taking on this measure or by the action we shall take on it on Monday, we are surrendering certain elements of liberty guaranteed under our Constitution. We are doing this to meet the impact of an aggression which may lead, if it has not already led, to another global war; and so we justify the course of action we are about to pursue.

But that justification, Mr. President, relieves us not one mite of our responsibilities to the people. Indeed, it adds a vast new responsibility to those we assumed when we took our respective oaths of office. It charges us with a new duty—to be ever watchful and ever alert to the slightest abuses, wherever they may occur, as a result of the enactment of this legislation; and this is so, whether those abuses be abuses of powers or abuses of administrative authority.

Under our form of government, we are more responsible for the preservation of the liberties of our people than are the people themselves. So, Mr. President, as we yield some of the inherent rights which the people of America normally possess, let us be mindful from this moment forward, and until this measure has by the blessings of the Almighty taken its place with all obsolete things, that only by our "eternal vigilance" can we square ourselves with the people, whose rights and privileges we undertake, for their benefit, to subject to such broad limitations.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. HENDRICKSON. I yield.

Mr. MAYBANK. I feel, as does the Senator from New Jersey, that as if the war should spread and conditions become worse, the enactment of this bill would be necessary.

Mr. HENDRICKSON. I feel exactly that way.

Mr. MAYBANK. If that condition should develop, I know the Senator would be among the first on the floor of the Senate to propose the enactment of such legislation.

Mr. HENDRICKSON. Of course, I am convinced of the absolute necessity for the enactment of such legislation.

Mr. MAYBANK. I wish to assure the Senator that I would join him in such case.

Mr. HENDRICKSON. I am sure the Senator from South Carolina and I feel exactly the same way about this matter. I believe that our minds are not one iota apart in regard to it.

Mr. STENNIS. Mr. President, I too, would like to commend the Senator from New Jersey for what I regard as the very fine and statesmanlike contribution which he has made to this debate; and I am sorry that not more Senators have had the privilege of hearing his remarks.

Mr. HENDRICKSON. I thank the Senator.

Mr. STENNIS. Mr. President, I wish to raise on the floor of the United States Senate some pertinent questions which I know are on the minds and are of great concern to every Member of the Congress and to every other loyal American citizen.

These questions concern our foreign policy and our war plans. I wish to make perfectly clear in the beginning that I am not in a critical mood, and I am not searching for someone to blame for our present situation. What we need is a way out. I have supported by my voice and by my vote every phase of our war effort in Korea, from the very minute it was announced to the Congress that we had started fighting. I was the first Member of the United States Senate, I believe, to announce on the floor of the Senate that, much as I disliked controls, I would support a control bill to back our war effort. I mention these points merely to show that I am not an obstructionist, and that I am not undertaking merely to criticize.

I expect to continue to back our position in every way I can. But, Mr. President, what is our position, and what is our policy? That is the question the American people want answered. They

are entitled to have it answered, but no answer has been forthcoming.

The fighting has been going on now for more than 7 weeks. During that time we have been called on to extend the term of service for all our enlisted ment. We did that, and the American people backed us up. Furthermore, we in the Congress have been called on to enact another draft law. We have done so, and the American people have backed us up. But still we have not been given any definite word that even remotely outlines our policy or our plan in present foreign affairs, particularly in the Pacific and Asiatic areas.

Furthermore, we have been called on in the Congress to appropriate the first $10,000,000,000 of what will be a multi-billion-dollar military program. We will vote the money, its initial part at least, and the people will back us up. But still, we and the American people are absolutely in the dark as to our real policy, and the Congress is actually having to take these far-reaching steps at a time when the only light before us as to policy is the former policies of our present Secretary of State, which were repudiated by our march into Korea. This was a march for which our Defense Department had not been forewarned nor prepared.

Moreover, we are called on to enact a control bill regulating and controlling the economic forces and power of the Nation, and we shall pass this bill after a few more days of consideration, and the people are backing us up as to this bill. We shall be called on shortly to increase taxes for the war effort. However, we still have no plan or policy as to our real position. At the beginning I heard our action compared to the foray into Mexico in 1915 during President Wilson's administration. I also heard it called a police action. But, Mr. President, the Nation does not enact a draft law, lay out a military program costing billions of dollars, enact new tax laws, mobilize its military power, and enact laws to control materials merely because of a police action.

The people have backed these steps and measures, but, Mr. President, the people of the United States will not long support an undeclared and undefined war that does not have a definite direction, a clear purpose, and an ultimate goal. The people will soon be clamoring, and rightfully so, for an outline of our situation and a statement of our purposes. The people are not afraid of the facts. They will set their shoulders to the wheel in any emergency, but they must know which way the wheel is turning. We cannot fight on imaginary lines nor for an imaginary principle, and we should not.

The people and I believe many of us in the Congress are looking to someone for a statement of policy and of war ideals. We have been told we would carry out the United Nations request as to Korea; that we would defend Formosa; and, that we would aid with matériel and a military mission in Indochina. But nothing further has been said. What about China? Shall we intercede there? What about the remainder of Asia? If we are to draw a line, and I think we should, where shall it be? We cannot fight for an imaginary line, nor for an imaginary principle, especially when they are locked in the secret confines of someone else's mind.

Are we to look to the Congress to formulate a policy? Ordinarily, Congress does not originate such policies, but of course has to approve or reject or modify proposals made by others. But if the leadership is not coming from elsewhere, then it behooves us, the Members of the Congress, to quickly put aside other matters and formulate a foreign and war policy that will be based on reason and will meet the hard realities that face us. There will be differences of opinion among us, and our information will not be full and complete, but we do have trained, able, experienced, and patriotic men on our Foreign Relations Committee and on our Armed Services Committee. We have others in the Congress who can make splendid contributions. We will be handicapped in many ways, it is true, but we can formulate a firm, positive policy that will have a definite course.

I want a policy that is directed at the heart of the threat to us. That threat is Russia, a nation that stands convicted in the eyes of the American people, and I believe in the eyes of free peoples in a majority of the other sovereign nations of the world. This policy must be outlined in terms so clear-cut that no room for doubt will exist as to where we stand. This policy must not be one that will force us to spend our strength and sacrifice our sons on the fringes of the threat. We must not continue to court disaster in such adventures.

Mr. President, this is a dark day in America now, but not caused altogether by the unfavorable news that comes from Korea. I have a confident feeling that the trend there will be reversed. The darkness of the hour is due to the lack of a policy and the lack of a plan that extends beyond Korea. The people want light from Washington. Mr. President, I repeat, the people of the United States will not long support an undeclared war that does not have definite direction, a clear purpose, and an ultimate goal. We are supporting such a war now, but that support will not long last, nor should it last long without a policy for which definite plans can be made and carried out. Without a clearly defined cause to fight for, made unmistakably plain to all of us, this war will soon grow sour and stale.

I repeat, I have no political brickbat to throw at anyone, and no political bouquets to bestow on anyone. The world is literally trembling on the threshold of world war III. This is no time for politics. This is no time for favoritism. This is no time for soft words. We must have a definite, realistic, positive policy as to this war and our future protection. We do not have it now. If such a policy and plan is not forthcoming in a matter of days, we, the Members of the Congress, cannot hesitate longer; we must tell the American people there is no well-defined policy, and then proceed to consult here in the Halls of Congress and formulate one the best way we can.

Mr. MAYBANK. Mr. President, I commend the distinguished Senator from Mississippi upon his eloquent speech.

Mr. STENNIS. I wish to thank the Senator.

Mr. MAYBANK. I wanted to ask the Senator some questions, but I realized he wanted to complete his speech without interruption.

Mr. STENNIS. I certainly thank the Senator.

TARIFF-REDUCING PARLEY AT TORQUAY, ENGLAND, A THREAT TO FREE TRADE

Mr. MALONE. Mr. President, I ask unanimous consent to insert in the RECORD at this point in my remarks a release from my office dated August 16, dealing with the continued threat to free trade and to the industries of this Nation, and particularly dealing with the Torquay, England, parley in September, which is evidently aimed at completing the job.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., August 16, 1950.—United States Senator GEORGE W. MALONE, Republican, of Nevada, charged today that under cover of war the State Department officials "who have been Red-sympathizers all along are advancing their scheme to wreck American industry and bring on socialism."

In support of this charge, Senator MALONE said: "In the face of national mobilization for war, these State Department officials are now making plans for an anti-American tariff-reducing parley in Torquay, England, next month. Not 'Business-as-usual', but 'Attack-American-business-as-usual' seems to be their slogan. There is evidence that while our boys are being attacked in Korea by the Communists, the Communist-sympathizers in our midst are planning insidious attacks on American industry. There is much more to the long-range Communist conspiracy against the security of America than espionage and sabotage by foreign spies and American traitors.

"One of the attacks on American industry which is far-reaching and devastating is the removal or reduction of import fees on foreign cheap-labor products, against which American workers cannot compete without lowering their standard of living. The American watch industry, glassware industry, textile, fuel, and copper industries, and a hundred others, have been seriously hurt already by the lowering of tariffs, but the State Department plans further destructive tariff-lowering at the Torquay parley.

"The Red-sympathizers would like to see their plot develop to the extent that (a) as soon as the war is over, all investments would be wiped out; (b) there would be an end to venture capital; (c) all producers and distributors would be forced to seek Government subsidies; (d) all production and distribution would be guaranteed by the Government; and (e) we would be forced into the bottomless pit of socialism.

"If we could stop the schemers in the State Department, it would be the first important step toward saving America."

PENETRATION OF FOREIGN IDEAS INTO THE THOUGHT LIFE OF AMERICA

Mr. BRIDGES. Mr. President, our country is engaged in a war with communism. The immediate manifestation of that war is on the soil of South Korea. The realism of that war is apparent to our outnumbered boys who fight and die there. To many people in this country

tion to increasing our American troops in western Europe. Acheson is against arming Japan and obviously Communist aggression is a threat to that country.

Contemptible? In 1945, Acheson sought to establish a four-power commission to control occupied Japan. General MacArthur was to receive his orders from that commission in which Russia would have an equal voice with the United States.

In Korea, we are now reaping the whirlwind of Acheson's blunders and the President seems to be so confused and perplexed by the flood of events that he is blind to the devious paths down which Acheson has advised him.

One day the President says there is no need for UMT and within 48 hours he asks Congress, through the Secretary of Defense for passage of the universal military training bill.

The Congress has given the President every dime he has asked for national defense and more too. Now, he calls for UMT when he has had available the selective-service law.

The President has either frozen or held back nearly $900,000,000 in cash and contract authority that Congress provided for fiscal year 1950. Now we are told these funds are to be released for expenditure in the present fiscal year 1951. Before Korea, it was "freeze" defense appropriations and now it is "unfreeze" them.

The American people are alert to the blunders of the Truman administration. They have seen Acheson's policies lead us down the road to another war. In any other country, Acheson long ago would have received a vote of no confidence. The President's failure to remove Acheson, after repudiating his stupid foreign policies, is contemptible.

Let the President appoint as Secretary of State some one in whom the American people have confidence; some one who is in sympathy with the present policy in South Korea. Under that kind of leadership we shall go forward to victory in Korea and under that kind of leadership we shall have a foreign policy in keeping with American traditions and American principles. Under that kind of leadership in America lies hope for durable peace.

DEFENSE PRODUCTION ACT OF 1950—UNANIMOUS CONSENT AGREEMENT

Mr. MAYBANK. Mr. President, earlier today we entered into a unanimous-consent request under which the Senator from Illinois [Mr. DOUGLAS] will speak tomorrow morning. The Senator from Nebraska has indicated that he has some questions which he desires to ask me with respect to some amendments to the pending bill which we are to take up tomorrow. I ask unanimous consent that after the Senator from Illinois has concluded his remarks we may have a discussion of the amendments.

Mr. WHERRY. The Senator is referring to the amendments to the control bill, is he not?

Mr. MAYBANK. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. MAYBANK. I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock and 3 minutes p. m.) the Senate took a recess until tomorrow, Friday, August 18, 1950, at 12 o'clock meridan.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 17 (legislative day of July 20), 1950:

IN THE NAVY

Capt. Richard W. Ruble, United States Navy, for temporary appointment to the grade of rear admiral.

IN THE MARINE CORPS

PERMANENT APPOINTMENTS

The following officer of the Marine Corps for permanent appointment to the grade of captain for limited duty:

Matthew J. Kruszewski.

The following-named civilian college graduates for permanent appointment to the grade of second lieutenant in the Marine Corps:

Richard K. Angerer	James E. Kerr
Donald J. Beatty	Richard E. Kesben
Frank B. Bradshaw, Jr.	Edward W. LeBaron, Jr
Lee C. Bramlette, Jr.	Henry V. Martin
Robert G. Brown	Richard D. Mickelson
James H. Bryson	Ira L. Morgan, Jr.
John S. Carter	Thomas A. Palmer
Bryont Chen	Bryan M. Rust
Charles R. Cote	Robert K. Shelton
Lawrence R. Dorsa	William B. Shields
Sheldon H. Dunlap	Charles H. Stewart
Jack Erwin	Donaldson Tall
Milton A. Fischer	William M. Tatum, Jr.
John M. Frease	John M. Travis
William N. Gregory	Andrew F. Toxey
Vernon D. Grizzard	Charles B. Walker
Robert L. Gunter	Ronald L. Walsh
Joseph R. Gutheinz	Charles K. Whitfield
Jack L. Handey	Robert J. Whitsitt
Harold T. P. Hayes	William T. Woodley
Peter J. Hayes	Keith L. Woods
Davis L. Hiday	John E. Woodward
Wilfred M. James	

The following-named enlisted men of the Marine Corps for permanent appointment to the grade of second lieutenant in the Marine Corps:

Arthur W. Anthony, Jr.	David J. Hytrek
Howard L. Barrett, Jr.	Lewis A. McPherren
William E. Duncan	Leslie T. Shelton, Jr.

The following-named meritorious noncommissioned officers of the Marine Corps for permanent appointment to the grade of second lieutenant in the Marine Corps:

Charles W. Abbott	Robert O. Lewis
James W. Abraham	Robert A. Lindsley
Birney A. Adams	John L. Lowe
James R. Aichefe	William B. McCurdy
James L. Bowman	James R. McEnaney
Richard K. Buchanan	Alexander P. McMillan
Robert E. Byle	Audrey P. McNair
Winston D. Chapman	Thomas F. Manley
William F. Cross, Jr.	David G. Mehargue
Stanley P. Daggett, Jr.	Steve Minko
John D. Driggers, Jr.	Robert R. Montgomery
Marvin J. Fournier	Frederick M. Muer
Wilson A. Frease	William B. Muir
Harry L. Gary	Neil H. Ness
Robert N. Good	Edward J. Rigsby
Joseph W. Hall	Charles A. Rosenfeld
Elwin B. Hart	Adolph G. Sadeski
Gilbert H. Homes	Marvin H. Stevens
George W. Houck	Paul D. Walker, Jr.
Troy T. Hysmith	Walter V. Walsh
Richard E. Jones	Robert E. Wehrle
Grover C. Koontz	Richard B. Wyatt
William Lesser	Albert J. Zlogar

House of Representatives

THURSDAY, AUGUST 17, 1950

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou who hast brought us out of the darkness of the night into the glory and beauty of this new day, grant that in all the tasks and responsibilities of our high calling we may have the assurance of Thy presence, the fullness of Thy power, and the benediction of Thy peace.

Grant that we may now yield ourselves to the guidance of Thy spirit. We know that Thou art the God of righteousness and of victory and that we have been created not for failure but for triumph.

We pray that we may have the courage to believe that a day will dawn when all the instruments of warfare shall become the instruments of welfare in the building of a nobler civilization and nations shall rise to the loftier altitudes of amity of peace.

We offer our prayer through the merits and mediation of the Christ, our Saviour. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On August 12, 1950:

H. J. Res. 453. Joint resolution authorizing the President to invite the States of the Union and foreign countries to participate in the First United States International Trade Fair, to be held at Chicago, Ill., August 7 through 20, 1950.

On August 14, 1950:

H. R. 4528. An act conferring jurisdiction on the United States District Court for the Southern District of New York, to hear, determine, and render judgment upon the claim of Louis J. Marx;

H. R. 4788. An act to provide for a mutual-aid plan for fire protection by and for the District of Columbia and certain adjacent communities in Maryland and Virginia, and for other purposes;

H. R. 4942. An act to regulate the collection and disbursement of moneys realized from leases made by the Seneca Nation of Indians of New York, and for other purposes;

H. R. 6225. An act for the relief of Mrs. Aimee Hoyningen-Huene;

H. R. 6363. An act conferring jurisdiction on the United States District Court for the Middle District of North Carolina to hear, determine, and render judgment upon certain claims of the Patuxent Development Co., Inc.; and

H. R. 6454. An act to authorize the appointment of two additional district judges for the northern district of Illinois.

On August 15, 1950:

H. R. 7695. An act to provide a 5-day week for officers and members of the Metropolitan Police Force, the United States Park Police Force, and the White House Police Force.

On August 16, 1950:

H. R. 1988. An act for the relief of Leslie A. Fry;

H. R. 6104. An act to authorize the establishment of an educational agency for surplus property within the Government of the District of Columbia, and for other purposes;

H. R. 8767. An act to authorize the exclusion from the mails of all obscene, lewd, lascivious, indecent, filthy, or vile articles, matters, things, devices, or substances, and for other purposes;

H. R. 9074. An act to amend chapter 61 (relating to lotteries) of title 18, United States Code, to make clear that such chapter does not apply to nonprofit contests wherein prizes are awarded for the specie, size, weight, or quality of fish caught by the contestant; and

H. J. Res. 501. Joint resolution to authorize the procurement of an oil portrait and a marble bust of the late Chief Justice Harlan Fisk Stone.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 815. An act to authorize the sale of inherited interests in certain allotted land under the jurisdiction of the Crow Creek Indian Agency, S. Dak.;

S. 816. An act to authorize the sale of inherited interests in certain allotted land under the jurisdiction of the Pine Ridge Indian Reservation, S. Dak.;

S. 1064. An act to authorize the sale of land allotted to Mrs. Iris Huebner Marak on the Pine Ridge Reservation, S. Dak.; and

S. 1457. An act to authorize the sale of lands allotted to George C. Estes on the Lower Brule Indian Reservation, S. Dak.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 192) entitled "An act to confer jurisdiction on the courts of the State of New York with respect to civil actions between Indians or to which Indians are parties"; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MCFARLAND, Mr. LEHMAN, Mr. BUTLER, and Mr. CORDON to be the conferees on the part of the Senate.

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. LANGER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 51–4.

PERMISSION TO ADDRESS THE HOUSE

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

ELECTION CAMPAIGN TRUTHFULNESS

Mr. ARENDS. Mr. Speaker, in recent weeks I have noted an increasing number of speeches inserted in the CONGRESSIONAL RECORD which have no relationship to any pending legislation but which are obviously designed to be franked for political campaign purposes. Although I believe this privilege can be abused, I voice no objection to such political insertions. It is important that the people know the opinions and views of their representatives.

But I rise at this time to appeal to the Members to stick to the facts in expressing their opinions and not mislead the people. I appeal to the Members not to represent their opinions as facts. Let us have a campaign of truth.

Of course, we have differences of opinion as to what certain facts may mean, and we arrive at different conclusions. It is the clash of opinions that makes campaign issues and makes the wheels of democracy turn. I shall always defend everyone's right to express his opinion, but I strenuously object to any representation of his opinion as a fact.

And I object, Mr. Speaker, to some of the things which the gentleman from Michigan [Mr. SADOWSKI] said in the political speech he inserted as his own in the RECORD of August 15. I disagree with practically all his conclusions, but it is not that which prompts me to rise. Facts are facts, and I object to their being misrepresented.

In his speech he refers to what the Republican Eightieth Congress did and did not do. He says, for example, that it passed "a tax bill for the relief of the rich and the powerful." That is his opinion. I do not agree with it, but I take no exception to it. But when he represents as a fact that the Republicans took the controls off food and necessities, he is not stating a fact. He surely knows that the President himself took off the controls before the election.

He says the Republicans put the RFC out of business. That simply is not true, and he knows it. He represents as a fact that home construction went down 40 percent. The fact is that we

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81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 17 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. CAPEHART to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

Delete line 7 on page 40 to line 13 on page 42 inclusive and substitute in lieu thereof the following:

"(1) establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material, service or property; and

"(2) establishing a ceiling or ceilings on the wages, salaries, and other compensation paid to or received by any person for any type of employment:

"*Provided,* That no ceilings shall be in effect with respect to any material, service, property or type of employment unless ceilings are in effect for all materials, services, property, and transactions therein, and types of employment, other than those exempted by section 402 (e) or specifically by the President pursuant to section 402 (f)."

and reletter the succeeding subsections accordingly.

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In line 16, on page 43, before the word "Any", insert the following: "No adjustment of the ceiling with respect to wages, salaries, or other compensation for any type of employment shall be conditioned upon an agreement by the person for whom such employment is performed that such adjustment will not be used as justification for adjustment of the ceiling with respect to materials, services, or property sold by such person."

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On page 43, at the end of line 21, insert the following: "The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, or requirement under this title, and the method of controlling prices shall be based on the historical pricing practice and experience of the seller."

8-17-50——C

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S. 3936

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On page 46, line 16 to 18, amend the proviso to read: "*Provided*, That there shall be no exemption of employment with respect to materials, services, or property, or transactions therein, for which ceilings are in effect, and no exemption of materials, services, or property, or transactions therein, with respect to which there is employment for which ceilings are in effect."

8-17-50——D

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S. 3936

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On page 46, lines 20 and 21, delete the phrase "generally over a substantial portion of the national economy."

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S. 3936

IN THE SENATE OF THE UNITED STATES

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On page 59, in line 10, strike out the words "Such regulations" and insert in lieu thereof the following:

"Such regulations may, notwithstanding any other provision of law, include provisions relating to any real estate construction credit extended, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly

owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended. Regulations issued under this section"

On page 62, strike out lines 12 to 19, inclusive.

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S. 3936

AMENDMENTS

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 17 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 17 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. FULBRIGHT (for himself and Mr. DOUGLAS) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: On page 41, beginning with line 9, strike out through line 16 and insert the following:

(c) If the consumer price index, as certified by the Commissioner of Labor Statistics, rises six percent above the consumer price index of June 15, 1950, the President shall, to the extent necessary to carry out the objectives of this Act, issue regulations or orders—

(1) establishing ceilings on the prices, rentals, commissions, margins, rates, fees, charges, and allowances paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of materials, services, and property; and

On page 42, strike out lines 4 through 8.

Calendar No. 2251

81st CONGRESS
2d SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. FULBRIGHT (for himself and Mr. DOUGLAS) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 17 (legislative day, JULY 20), 1950
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AMENDMENT

Intended to be proposed by Mr. HUNT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 37, line 24, beginning with the word "tin", strike out through the first comma in line 1 on page 38.

8-17-50——H

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. HUNT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 17 (legislative day, JULY 20), 1950
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AMENDMENT

Intended to be proposed by Mr. SALTONSTALL to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: On page 45, between lines 16 and 17, insert the following:

"(4) No ceiling shall be established or maintained for any fishery commodity below the higher of the two following prices: (i) A price determined by the Secretary of the Interior to be generally representative of those received by fishermen for such commodity during the calendar year 1946, adjusted by the Secretary of the Interior for grade,

location, and seasonal differentials, or (ii) a price for such commodity determined by the Secretary of the Interior to be generally representative of the prevailing prices received by fishermen for such commodity during the period from May 24, 1950, to June 24, 1950, inclusive, or in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal marketing conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the Secretary of the Interior, they are generally representative, with adjustments by the Secretary of the Interior for grade, location, and seasonal differentials. No ceiling shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any fishery commodity below a price which will reflect to fishermen producing such fishery commodity a price for such fishery commodity equal to the higher price thereof specified above: *Provided*, That in establishing and maintaining ceilings on products resulting from the processing of fishery commodities a generally fair and equitable margin shall be allowed for such production, processing and marketing. The President from time to time shall adjust ceiling prices for fishery commodities, and commodities

processed or manufactured in whole or substantial part therefrom, in order to make appropriate allowances for unusual increases in costs of production, processing, and marketing, and factors which result from the hazards occurring in connection with the production, processing and marketing of such fishery commodities. The President shall stabilize salaries, wages or other compensation of those fishermen whose compensation is customarily based upon shares of amounts procured from the sale of fishery commodities or products thereof in such manner as to preserve the customary relationship between such compensation and the amounts so procured, without regard to the provisions of paragraph (2) of this subsection.

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S. 3936

AMENDMENT

Intended to be proposed by Mr. SALTONSTALL to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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81st CONGRESS
2d Session

S. 3936

IN THE SENATE OF THE UNITED STATES

August 17 (legislative day, July 20), 1950
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AMENDMENT

Intended to be proposed by Mr. Saltonstall to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 73, line 20, after the word "Government" insert the following: "(who shall be appointed by the President by and with the advice and consent of the Senate, or who shall be an official required to be appointed by and with the advice and consent of the Senate),"

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81ST CONGRESS
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S. 3936

AMENDMENT

Intended to be proposed by Mr. SALTONSTALL to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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81st CONGRESS
2d Session

S. 3936

IN THE SENATE OF THE UNITED STATES

August 17 (legislative day, July 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. Ives to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: On page 45, line 16, insert the following:

"Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in

the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher: *Provided, however,* That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas."

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2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. IVES to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 17 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. KEM to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 35, line 18, after "(2) for" insert "encouraging".

8-17-50——L

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. KEM to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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81st CONGRESS
2d Session

S. 3936

IN THE SENATE OF THE UNITED STATES

August 17 (legislative day, July 20), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. Maybank (for himself, Mr. Robertson and Mr. Chapman) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 44, line 11, strike out "higher of the two" and insert in lieu thereof "highest of the".

On page 44, line 20, strike out "differentials; and no" and insert the following: "differentials, or, (iii) in the case of any commodity for which the market was not active during the period May 24 to June 24, 1950, the

average price received by producers during the most recent representative period prior to May 24, 1950, in which the market for such commodity was active as determined and adjusted by the Secretary of Agriculture to a level in line with the level of prices received by producers for agricultural commodities generally during the period May 24 to June 24, 1950 and adjusted by the Secretary for grade, location and seasonal differentials, or (iv) in the case of fire-cured tobacco a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 75 per centum of the parity price of Burley tobacco of the corresponding crop, and in the case of dark air-cured tobacco and Virginia sun-cured tobacco, respectively, a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to $66\frac{2}{3}$ per centum of the parity price of Burley tobacco of the corresponding crop. No"

On page 44, line 25, strike the word "higher" and insert in lieu thereof "highest".

On page 45, line 10, before the period, insert a semicolon and the following: "and in establishing the ceiling (1) for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this Act and for which different areas have different periods

of marketing during such season or (2) for any agricultural commodity produced for the same general use as a commodity described in (1), the President shall give due consideration to affording equitable treatment to all producers of the commodity for which the ceiling is being established".

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S. 3936

AMENDMENTS

Intended to be proposed by Mr. MAYBANK (for himself, Mr. ROBERTSON, and Mr. CHAPMAN) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 17 (legislative day, JULY 20), 1950

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2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 17 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. O'MAHONEY to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 35, line 9, after the word "materials", insert a comma and the following: "including the exploration, development, and mining of strategic and critical metals and minerals".

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Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. O'MAHONEY to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

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United States of America

PROCEEDINGS AND DEBATES OF THE 81st CONGRESS, SECOND SESSION

Vol. 96 WASHINGTON, FRIDAY, AUGUST 18, 1950 No. 164

House of Representatives

The House was not in session today. Its next meeting will be held on Monday, August 21, 1950, at 12 o'clock noon.

Senate

FRIDAY, AUGUST 18, 1950

(Legislative day of Thursday, July 20, 1950)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. F. Norman Van Brunt, associate minister, Foundry Methodist Church, Washington, D. C., offered the following prayer:

Almighty God, Thou great indwelling Spirit, who art ever attempting to guide the spirit of man to the realization of abundant life, give us a greater expectancy. Deliver us, we pray, from fears that paralyze the will, and from doubts that breed despair. Let us see Thee, the unchanging, secure foundation upon which we can continue to build a glorious heritage of freedom and fidelity. We need the insight of Thy Spirit and the all-pervading power of Thy love. To this end grant unto us the divine initiative that, as imitators of the Infinite, we may be bearers of light and abundant life to our age. Teach us to look upon our purpose and place in the world with the same sense of mission of the One who staggered the world by the daringness of His faith, the Man of Galilee. Amen.

THE JOURNAL

On request of Mr. MAYBANK, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, August 17, 1950, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on August 17, 1950, the President had approved and signed the joint resolution (S. J. Res. 193) to amend section 14 of the Merchant Ship Sales Act of 1946, as amended, for the purpose of correcting an error in Public Law 591, Eighty-first Congress.

LEAVE OF ABSENCE

On his own request, and by unanimous consent, Mr. LEHMAN was excused from further attendance on the session of the Senate today.

ORDER OF BUSINESS

Mr. MAYBANK. Mr. President, last evening two unanimous-censent agreements were entered into. One agreement was that after a quorum call today the Senator from Illinois [Mr. DOUGLAS], who had waited last evening for quite some time, would speak on the road bill. The other agreement was made between the distinguished minority leader and myself, to the effect that he and I would discuss certain amendments which had met with the approval of legislative counsel, the Senator from Nebraska [Mr. WHERRY], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Ohio [Mr. BRICKER], and Senators on this side of the aisle. After conferring with the Senator from Nebraska we decided that we would not discuss the amendments at this time because of the unanimous-consent agreement to vote on Monday, starting at 1 o'clock, for fear that some Senators might think that we were discussing in their absence amendments in which they are interested. With that thought in mind, if it is agreeable to the Senator from Nebraska, I should like on his behalf and myself to withdraw the unanimous-consent agreement with respect to our discussion of the amendments, so that the Senator from Illinois [Mr. DOUGLAS] may proceed with his speech on the road bill, which is the pending business.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from South Carolina?

Mr. WHERRY. Mr. President, I am in complete sympathy with the suggestion made by the distinguished acting majority leader. I believe the proper procedure would be to ask that the unanimous-consent agreement be vacated, because it has been offered and accepted.

The PRESIDENT pro tempore. Is there objection to the request? The Chair hears none, and it is so ordered.

DEFENSE PRODUCTION ACT OF 1950

Mr. MAYBANK. Mr. President, for the benefit of Senators who may wish further information, I should like to state that according to the unanimous-consent agreement entered into yesterday, we shall vote on all amendments that may be offered and on the defense production bill itself starting at 1 o'clock on Monday, with a limitation of debate of 5 minutes on each side, and with the understanding that only germane amendments may be offered, with the exception of the so-called Mundt-Ferguson amendment, as to which I do not desire to raise any question of germaneness, but as to which it was distinctly understood that we would vote on it.

I wish to say also for the benefit of the Senate that we had already agreed, before we entered into the unanimous-consent agreement, to about 15 amendments, which were merely clarifying amendments. Between 45 and 50 amendments have been submitted. After conference with the legislative counsel until late last evening and again this morning from 8 o'clock until I came to the Chamber, we find there are about 10 amendments which have been offered by the Senator from Ohio, the Senator from Florida, and the Senator from Massachusetts, which are acceptable to the committee. I understand, of course, that on Monday when we commence voting on

the amendments and the bill, the Senator who is first recognized can offer his amendments. I merely wish to say that I should like to dispose first of the amendments which have been agreed upon, because in that way I think we shall save a considerable amount of time.

Mr. WHERRY. I suggest that the Senator from South Carolina assemble the amendments to which he has reference, and when he is recognized he can present them at one time.

Mr. MAYBANK. That is what I want to do. Of course, I appreciate the fact that any Senator who gets recognition can present his amendment. I shall present some 10 or 12 amendments, if that is agreeable.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and it is so ordered.

Mr. MAYBANK. Mr. President, I ask unanimous consent that at this point there be printed in the RECORD a memorandum prepared by the legislative counsel on the extent to which price and wage controls are tied together in Senate bill 3936.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM FOR SENATOR MAYBANK

This memorandum discusses the extent to which price and wage controls are tied together in S. 3936. Price and wage controls with respect to industries producing or handling materials important to the national defense, or significantly affecting the cost of living, are authorized, except at the retail level, by section 402 (b) of the bill. Price and wage controls generally are authorized by section 402 (c).

Both of these subsections require the issuance of orders prohibiting increases in wages (except when necessary to prevent gross inequity or to effectuate the purposes of the act) whenever an increase in wages would either require an increase in a price ceiling, or impose an undue burden on a seller operating under a price ceiling. There is a certain amount of flexibility in these provisions. Wage increases which would neither require price increases nor impose an undue burden on a seller could be allowed. Thus, in an industry where profit margins are large, wages might be allowed to rise to the extent of wiping out a large part of such margin so long as the President determined that such increases did not impose an undue burden on the seller. The committee report (last full paragraph on p. 32) indicates that if the seller is left a fair and reasonable profit he probably has not been subjected to an undue burden. The President could also permit promotions, merit increases, increases in incentive payments and similar wage increases which he determined did not impose such an undue burden. It is argued that in some instances such increases might actually result in lowered costs for the seller of an article. The committee evidently felt that some wage increases might be desirable to prevent inequities or to effectuate the purposes of the act, even though such increases might require increases in price ceilings; and the President is authorized to permit such increases. Thus the President might permit increases in defense industries, if necessary to enable them to obtain workers. And if such increases rendered inequitable wages in nondefense industries, conceivably the President might permit increases in such nondefense industries, also.

In addition to requiring restrictions on increases in wages which affect the costs of a seller operating under a ceiling price, the President is authorized generally to stabilize wages to effectuate the purposes of the act. Furthermore, section 402 (c) provides that wages shall be stabilized generally whenever price ceilings have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living. In such case the President would be stabilizing wages because of their inflationary effect upon purchasing power as well as because of their inflationary effect upon a seller's costs.

It is seen, therefore, that an attempt has been made to tie price and wage ceilings together, but that wage increases could be made in some cases where prices are controlled. As the committee points out in the paragraph beginning at the bottom of page 33 of the report:

While the general parallelism of price and wage controls has been preserved, it is not the intention of the committee that price and wage controls should be thought of as coextensive in all cases. There will be occasions when one needs to be applied without the other. For example, it is not the committee's intention that the exemptions from price control as provided in subsection 402 (f) should imply in all cases a corresponding exemption from wage control; nor is it the intention that every case of a controlled price will have its counterpart in controlled wages. The general parallelism is provided to assist in carrying out the purposes of the act, which is the controlling criterion.

Respectfully,

S. E. RICE.

Mr. MAYBANK. So, Mr. President, approximately 32 amendments are to be disposed of. I find that of the 32 amendments, 12 are in the nature of duplicating amendments. That leaves 20 germane amendments to the bill which are to be discussed and voted upon. I merely wished to make that statement for the benefit of Senators so they will know what the situation will be on Monday.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. WHERRY. I should like to submit a modification of the amendment lettered "I," which, in line 3, would insert the words "to an extent which the President finds will result in a dislocation of the normal distribution in the civilian market." I ask that the amendment as modified, be printed and lie on the table I may say that the Senator from Alabama [Mr. SPARKMAN] has joined me in this modification.

The PRESIDENT pro tempore. The amendment as modified will be received, printed, and lie on the table.

Mr. MAYBANK. I have nothing further to say. I merely wished to advise Senators that probably there will be at least 12 duplicating amendments. In my judgment there will be about 20 amendments to be considered and voted on starting at 1 o'clock Monday. If there is no further discussion about the amendments which are pending before the committee, I shall suggest the absence of a quorum.

ORDER OF BUSINESS

Mr. WHERRY. I am confident there will be considerable debate today on the control bill and the road bill. I am satisfied that a number of amendments will be brought up today. Therefore, I think Members of the Senate ought to be advised of any motions which the distinguished acting majority leader knows will be made to take up any other measure, so that they may be on the floor.

Mr. MAYBANK. I wish to assure my distinguished friend that there will be no motion made to consider any bill without first having a quorum call.

Mr. WHERRY. Does the distinguished acting majority leader know of any contemplation to consider any other bill?

Mr. MAYBANK. There is some contemplation with respect to a bill which the Senator from Arizona [Mr. MCFARLAND] may desire to have considered. He mentioned three bills.

Mr. MCFARLAND. Mr. President, two of those bills would not take very long. However, I do not wish to interfere with the normal program. If debate should lag and time is available, I shall make a motion to consider them. Otherwise, I shall not do so.

Mr. WHERRY. I understand the bills which the Senator has mentioned have to do with Indian legislation.

Mr. MCFARLAND. The first two, I think, can be disposed of without much controversy.

Mr. WHERRY. Now that the distinguished Senator from Arizona [Mr. MCFARLAND] has made his position clear as to the bills which he intends to bring up, if debate on either the control bill or the road bill should run out, is it the intention of the distinguished Senator from Louisiana [Mr. ELLENDER] to bring up the so-called mineral bill? If so, I know that Members of the Senate who are interested in the bill would like to be here when it is brought up.

Mr. MAYBANK. As the distinguished Senator from Nebraska knows, the Senator from Delaware [Mr. WILLIAMS] is deeply interested in that bill. It was stated that a motion would be made to proceed to the consideration of the bill. If I am here and such a motion is made I assure the distinguished minority leader that a quorum call will be had, so that all Senators will have an opportunity to be heard.

FEDERAL AID HIGHWAY ACT OF 1950

Mr. CHAVEZ. Mr. President, the pending business is the road bill.

Mr. HUNT. Mr. President, will the Senator from New Mexico yield?

Mr. CHAVEZ. Yes; but let us clear the atmosphere. The pending business is the road bill. There is nothing else before the Senate at the moment, though some individual Senator might want to bring up some other matter during the discussion. Aside from remarks by the Senator from New York [Mr. IVES] and myself, the road bill has not been discussed up to the present, and it is the purpose of the chairman of the Committee on Public Works, in charge of the bill, to proceed without any lagging whatsoever.

Now I wish to propound a parliamentary inquiry. Is there anything in the unanimous-consent agreement which would prevent the Senate from voting on the road bill at some time this afternoon?

Whereas one of the main Communist efforts now in operation in the United States is the fraudulent world peace appeal launched on the world by the international Communist apparatus of the World Committee in Defense of Peace in Stockholm in March of 1950 and in the United States by the Daily Worker and assorted stooges on May 1 and directed through a so-called peace information center in New York; and

Whereas the sole purpose of this petition is to distract the attention from Stalin's armed aggression by protesting the possible use of atomic weapons, the only field in which the Communist dictatorship has not built up overwhelming superiority over the free world which mistakenly rushed to disarm after the death of Stalin's one-time pal Hitler; and

Whereas, those subscribing to this fraudulent world peace appeal petition are consciously or unconsciously making themselves part of the Communist enemy's sabotage and conquest apparatus: Therefore be it

Resolved, That the General Executive Board of the Upholsterers' International Union of North America directs this resolution to the attention of the officers, members, families, employees, and friends of the union and asks their cooperation in exposing this Communist maneuver and its sinister purpose and in taking appropriate action against any sponsors of such petition; and be it further

Resolved, That in accord with the mandate of our twenty-sixth biennial convention, this General Executive Board endorses the bill proposed by Congressman WALTER, of Pennsylvania, for complete registration of Communists and their organization in the United States and directs our political education department to consult with friendly political leaders on the possible State and Federal legislation for complete registration, identification, and disclosure of the source of financial and other support by all organizations seeking to influence public opinion in our free and open society in accordance with the recommedations of the 1947 report of the President's Commission on Civil Rights.

CONTINUATION OF RENT CONTROL—RESOLUTION OF BOROUGH COUNCIL OF POTTSTOWN, PA.

Mr. MYERS. Mr. President, I ask unanimous consent to have printed in the RECORD a certified copy of a resolution adopted by the Town Council of the Borough of Pottstown, Montgomery County, Pa., requesting continuation of rent control in Pottstown.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION DECLARING NECESSITY FOR EXTENSION OF FEDERAL RENT CONTROLS IN THE BOROUGH OF POTTSTOWN FROM DECEMBER 31, 1950, TO JUNE 30, 1951

Be it and it is hereby resolved by the Burgess and Town Council of the Borough of Pottstown at the regular meeting of Monday, August 14, 1950, That a shortage of rental housing accommodation exists within the Borough of Pottstown, which requires the continuance of rent control beyond December 31, 1950, and that the Office of the Housing Expediter, Washington, D. C., is hereby requested to extend rent control in the Borough of Pottstown from December 31, 1950, to June 30, 1951.

Adopted at the council chamber this 14th day of August A. D. 1950.

THE BURGESS AND TOWN COUNCIL OF THE BOROUGH OF POTTSTOWN.
W. H. REIFSNYDER, *President.*

Attest:

DOW I. SEARS,
Borough Manager.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. HUMPHREY, from the Committee on Post Office and Civil Service:

S. 3910. A bill relating to the assignment of surplus clerks in the Postal Transportation Service; with amendments (Rept. No. 2371).

INTERIM REPORT OF SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED CRIME IN INTERSTATE COMMERCE (REPT. NO. 2370)

Mr. HUNT. Mr. President, on behalf of and for the junior Senator from Tennessee [Mr. KEFAUVER], who is ill, I ask unanimous consent to submit an interim report of the Special Committee to Investigate Organized Crime in Interstate Commerce.

The PRESIDENT pro tempore. Without objection, the report will be received and printed.

Mr. HUNT. Mr. President, I also ask permission to read a statement prepared by the junior Senator from Tennessee [Mr. KEFAUVER] regarding the report, which will take only a couple of minutes.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Wyoming? The Chair hears none, and the Senator may proceed.

Mr. HUNT. The statement by the Senator from Tennessee reads:

INTERIM REPORT OF THE SPECIAL COMMITTEE TO INVESTIGATE CRIME IN INTERSTATE COMMERCE PRESENTED FOR AND ON BEHALF OF SENATOR KEFAUVER BY SENATOR HUNT, AUGUST 18, 1950.

While the inquiry of the special Senate Committee to Investigate Organized Crime in Interstate Commerce may fairly be said to be only getting under full steam, the results of its investigation into criminal affairs in the southern part of Florida so far have been most revealing.

They show very clearly a pattern which many cities in other parts of the country pretty closely duplicate. They show that there are organized gangs of criminals operating widely and that tacitly one gang does not infringe upon or invade the territory or the racket of another. They show that these criminal organizations are rich and powerful enough to buy police protection and political favoritism. They show that in Miami and Miami Beach, where the committee's attention was recently focused, a group of organized criminals had a virtual monopoly on horse-race gambling with an annual take running into millions, a monopoly that only existed because law-enforcement officers chose to look the other way.

The committee's interim report does not paint a pretty picture. From information already in hand, we know that the same situation exists elsewhere in the country. We know, too, that these similar conditions have their roots in the same miasma of corruption.

In the preliminary recommendations contained in the report may lie the answer to some of the problems of control of organized crime. The study is far from complete, however; the final recommendations will seek to offer a fuller remedy for this evil.

I should like to impress on the Senate that we are talking here not merely about gambling and whether it is right or wrong. We are talking about corruption, corruption of those who are sworn to enforce the law and corruption of those who are sworn to administer it. Unless this tide of corruption is stemmed, it can have tragic consequences for all the American people.

These criminal organizations, having accumulated almost astronomically large capital funds, seek an outlet for investment, usually in legitimate businesses.

To these pseudo-legitimate activities they bring, however, the same gangster methods of corruption, intimidation, and strong-arm monopoly that characterize their activities beyond the pale of the law, to the detriment and disadvantage of the honestly legitimate businessman against whom they compete.

At public hearings scheduled to be held in Washington next week, these gangster methods as employed in their so-called legitimate business activities will be brought into the open. They will show that the racketeers continue to cheat, even when they try to pretend themselves respectable. They cheat the Government, they cheat their creditors—they even cheat their friends and business partners. There is really no honor among thieves, as the evidence will prove.

I should also like to point out that the special committee's investigation is in the nature of a two-way street. We are receiving excellent help from a number of the Government's law-enforcement agencies, and in return are making available to them all the information obtained by the committee's own investigators except that which we cannot disclose under Presidential order.

For example, the Bureau of Internal Revenue has been able to obtain information through the committee on the true incomes of some of these racketeers as against smaller incomes reported, and while the committee is really only getting started, it is quite likely the Government, as a result of our investigation thus far, will collect through increased income-tax levies against some of the individuals whose books we have checked many times the $150,000 appropriated to cover the cost of the committee's investigation.

Mr. WILEY subsequently said: Mr. President, earlier today the Senator from Wyoming [Mr. HUNT] discussed the first report of the Senate Crime Committee. I had prepared a statement which I had intended to read. The sum and substance of it is that we have thus far only scratched the surface, and that we must track down rumors of a tie-up with politics. In conclusion, I said:

I know that it is the intention of my colleagues on the committee and of myself to give to the committee's work all of the possible attention we can.

I ask that the entire statement be printed in the RECORD following the remarks made this morning by the distinguished Senator from Wyoming.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SENATOR WILEY COMMENTS ON FIRST REPORT OF SENATE CRIME COMMITTEE—PROMISES "THE HEAT" WILL NOT DIE DOWN

Mr. President, I should like to add a few words by way of supplement to the remarks of the distinguished junior Senator from Wyoming [Mr. HUNT] with regard to the first interim report which has been filed today by the Special Senate Committee To Investigate Organized Crime in Interstate Commerce.

I believe that my colleagues will be, indeed, interested in this preliminary report because I feel that it fulfills the expectation and the standards of the Senate when it originally passed Senate Resolution 202 back in May.

I want to take this opportunity to congratulate the able chairman of the committee, the junior Senator from Tennessee [Mr. KEFAUVER] who has given to this task his complete devotion, his tireless energy, and his keen ingenuity. May I say a word, too, by way of appreciation to the hard-working

members of the staff, headed by Mr. Halley, who have, I believe, done a conscientious job.

WE HAVE THUS FAR ONLY TAPPED SURFACE

It will be obvious to anyone reading the interim report that the biggest job still lies before the crime committee. We have barely tapped the surface of interstate crime. We have but a small legion of investigators and allied police departments and crime commissions, compared to an army of hoodlums in the 48 States.

Let me, however, say a word of warning to the underworld—and I assure you that it does not consist of mere words—behind it, there is genuine intent and purpose. If the underworld expects to lie low until presumably this special Senate committee expires next year, if the underworld expects to take it easy until the heat is off and escape punishment, it has another think coming. If it expects that this is strictly a one-shot investigation, which will help nab a few hoodlums and then pass into limbo, then I believe it will soon change its mind.

Regardless of the length of the Senate Crime Committee, I know that it is the intention of the chairman, of my colleagues and of myself to lay, by legislation and otherwise, insofar as possible, a permanent basis for the continuing war against organized crime. We will be helped in that task if my suggestion is followed for the activation of crime commissions throughout the country. If in each major city of our Nation wherever crime flourishes, there could be a crime commission (as in Miami, Chicago, etc.) independent nonpartisan groups of civic-minded individuals who have hired the most expert crime-hunting staff possible, then organized crime would be dealt a crippling and more lasting blow.

WE MUST TRACK DOWN RUMORS OF TIE-UPS WITH POLITICS

For a long time, there have been ugly rumors about the interrelation between the underworld and State and National politics. The first interim report outlines very clearly the relation between the underworld and local politics, particularly in the Florida region. It is my intention and that of the committee to follow up on these rumors and reports of a tie-up between national politicians, crooked party leaders, and individuals representing illegitimate pursuits. Obviously, the tie-up is not a direct one. Obviously it is veiled through financial contributions by intermediaries and intermediary companies for services rendered. But these rumors are too prevalent, they are too destructive of public faith in the general integrity of the Government to be allowed to go unchecked.

Of course, we do not intend to honor malicious rumors, smear attacks, purely partisan hate programs. The chairman of the committee has followed a model course of fairness in his assemblying of evidence and that policy will of course continue.

I for one want to learn the details of more instances like that cited on page 8, the purchase of 10 tickets to a Democratic fundraising dinner, $2,500 worth on behalf of the now convicted gambler Frank Erickson. Participation by gamblers or the underworld in political (Republican or Democratic) parties results in too foul a stench in the nostrils of the American people to tolerate.

CONCLUSION

I know that it is the intention of my colleagues on the committee and of myself to give to the committee's work all of the possible attention we can; subject, of course, to the need for handling our other committee assignments and Senate work. In my own case, I have often found it difficult to fulfill all of my simultaneous obligations on the Senate Foreign Relations Committee, the Senate Judiciary Committee, and the Special Senate Crime Committee, but we will squeeze every available minute that we can out of the 24-hour day for this high purpose.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GREEN:

S. 4064. A bill for the relief of James C. White; to the Committee on the Judiciary.

By Mr. LEAHY:

S. 4065. A bill for the relief of Clarice D'Amico, Chiara Antonucci, Antonietta Angelicola, Carmela Antonucci, Anna Cagnazzo, Olimpia Cibelli, Maria Dachille, Giuliva D'Amico, Lucia Di Foggia, Maria Stella Fatibene, Anna Marino, and Lucia Spinelli; to the Committee on the Judiciary.

By Mr. MURRAY:

S. 4066. A bill to provide for the installation of improvements and facilities needed for the protection, development, and utilization of Federal resources affected by dam and water reservoir projects constructed by the Federal Government, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. JOHNSON of Colorado (by request):

S. 4067. A bill to amend section 22 of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

By Mr. WATKINS:

S. 4068. A bill for the relief of Dr. Aristides E. Boletas; to the Committee on the Judiciary.

By Mr. McCARRAN:

S. 4069. A bill for the relief of Edulji Dinshaw and his sister, Mrs. Bachoo Dinsha Woronzow; to the Committee on the Judiciary.

By Mr. WILEY:

S. 4070. A bill for the relief of Gloria Wilson; to the Committee on the Judiciary.

DEFENSE PRODUCTION ACT OF 1950—AMENDMENTS

Mr. WHERRY (for himself and Mr. SPARKMAN) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. WILLIAMS submitted amendments intended to be proposed by him to Senate bill 3936, supra, which were ordered to lie on the table and to be printed.

Mr. FULBRIGHT submitted amendments intended to be proposed by him to Senate bill 3936, supra, which were ordered to lie on the table and to be printed.

Mr. MILLIKIN submitted amendments intended to be proposed by him to Senate bill 3936, supra, which were ordered to lie on the table and to be printed.

Mr. MAYBANK. Mr. President, I submit an amendment intended to be proposed by me to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, and I ask unanimous consent that an explanatory statement of the amendment by me may be printed in the RECORD.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table, and, without objection, the explanatory statement of the amendment will be printed in the RECORD. The Chair hears no objection.

The explanatory statement presented by Mr. MAYBANK is as follows:

STATEMENT BY SENATOR MAYBANK

This amendment arises from a recommendation contained in Secretary of Defense Johnson's letter of August 11, 1950, relating to section 301 (c), page 34, lines 19–21, wherein the Federal Reserve Board is authorized to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

Secretary Johnson's letter to the chairman of your committee pointed out that this language is not in accord with the practice which prevailed so successfully in World War II, and places an agent in the position of prescribing to its principal on important matters relating to the principal's financial commitments.

Because of the need for coordination of thought on this matter, I asked the committee staff to secure the joint thoughts of the counsel for the Federal Reserve Board and representatives of the Department of Defense. Their discussions resulted in complete agreement on the desirability of this amendment.

This amendment will restore the balance of authority as it existed under Executive Order 9112 during the past war and will give to the guaranteeing agencies the authority to prescribe their forms and procedures after consultation with the Federal Reserve Board, subject to the requirement that there must be uniformity to the extent practicable.

Mr. MAYBANK. I also submit amendments intended to be proposed by me to the bill (S. 3936) to establish a system of priorities and allocation for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, and I ask unanimous consent that a statement explaining the amendments, prepared by me, be printed in the RECORD.

The PRESIDENT pro tempore. The amendments will be received, printed, and lie on the table, and, without objection, the statement presented by the Senator from South Carolina will be printed in the RECORD.

The statement is as follows:

STATEMENT OF SENATOR MAYBANK

These amendments would extend the V-loan type guaranty provided for in section 301 of the bill and the direct loans provided for in section 302 of the bill to contracts and operations providing for the performance of services. Those sections now apply only to contracts or operations providing for the production and delivery of materials. I do not believe that the committee intended to ex-

clude contracts and operations involving the performance of services from these provisions. Service contracts which this amendment would provide for would include contracts for the transportation of military personnel or of goods previously delivered, management contracts, surveying and map-making contracts and research contracts. I think the importance of expediting such contracts is obvious and I hope that the amendments will be adopted.

The amendments would also make it clear that contracts with nonprofit research corporations would be covered.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement which I have prepared with reference to certain amendments to the Defense Production Act of 1950.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. President, there is a movement to incorporate in the Defense Production Act of 1950 certain amendments which if adopted will completely wreck any chance this legislation has of working.

1. The first proposal being sponsored by the so-called agricultural bloc will exempt certain agricultural commodities including wheat, corn, peanuts, cotton, and potatoes from any prospective roll-back in prices to the level prevailing prior to June 24. Under this provision not only will the Government continue to hoard and destroy food products, but actually they will be buying these products at an even higher price than prevailed prior to the outbreak of hostilities.

2. The second proposal is one under which the President—notwithstanding any subsequent wage freeze—will be given the power to authorize wage increases in any industry which he decides can absorb such increase without necessitating a price increase in their products.

Mr. President, there is no such thing as a wage increase which does not result in increased cost of manufactured articles. The argument is being advanced that some of our industries are enjoying profit margins adequate to absorb additional wage increases without compensatory price increases, but I point out that any extra earnings which some corporations might have now will be more than taken care of in the proposed new tax bill which is coming before us next week.

This bill was designed as an enabling act to rebuild our national defense and provide safeguards against the imminent threat of inflation, but I warn the Senate that if in the name of political expediency we allow these exemptions for special groups it will defeat the primary purpose of the bill.

AMENDMENT OF FEDERAL-AID ROAD ACT—AMENDMENTS

Mr. CHAVEZ, from the Committee on Public Works, submitted amendments intended to be proposed to the bill (H. R. 7941) to amend and supplement the Federal-Aid Road Act, approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. JOHNSON of Colorado submitted an amendment intended to be proposed by him to House bill 7941, supra, which was ordered to lie on the table and to be printed.

Mr. HENDRICKSON submitted amendments intended to be proposed by him to House bill 7941, supra, which were ordered to lie on the table and to be printed.

Mr. GRAHAM. Mr. President, on behalf of my colleague, the senior Senator from North Carolina [Mr. HOEY] and myself, I submit amendments intended to be proposed by us, jointly, to the bill (H. R. 7941) to amend and supplement the Federal-Aid Road Act, approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes, and I ask unanimous consent that the amendments and an explanatory statement of the amendments prepared by me be printed in the RECORD.

The PRESIDENT pro tempore. The amendments will be received, printed, and lie on the table, and, without objection, the amendments and the explanatory statement will be printed in the RECORD. The Chair hears no objection.

The amendments submitted by Mr. GRAHAM (for himself and Mr. HOEY) are as follows:

On page 17, line 24, beginning with the colon, strike out down through "Secretary of Commerce" on page 18, line 12.

On page 18, line 17, strike out "$13,000,000" and insert in lieu thereof "$16,000,000"; and in line 18, commencing with the colon, strike out down through *"Provided further"* in line 4 on page 19, and insert in lieu thereof *"Provided."*

The explanatory statement presented by Mr. GRAHAM is as follows:

STATEMENT BY SENATOR GRAHAM

This amendment will do two things: First it will eliminate dual administration and concentrate in the Secretary of the Interior the responsibility of determining the priority of work and approving the individual road and parkways projects within the areas which have always been under the jurisdiction and administration of the Department of Interior. Dual administration by two departments is not sound administration. This amendment for placing responsibility in the Secretary of the Interior would be in accordance with plan No. 3 providing for the reorganization of the Department of the Interior as set forth in the Reorganization Act of 1949.

Second, it would provide for the completing several gaps in the Blue Ridge Parkway. The Federal Government has made a heavy investment in this parkway. It is fake economy to have these dirt gaps in the parkway. It is similar to the failure to put buttons on a valuable overcoat. The lack of buttons impairs the value of the whole overcoat. The dirt gaps in the parkway are similar to the missing buttons on the overcoat. This project is not a new, but is an old project which needs completion. This parkway is a protected highway along the mountain backbone of eastern America and leads from an area where live over 50,000,000 people who seek recreation in the great mountains and parks of Virginia, North Carolina, and Tennessee.

Furthermore, it is a highway which leads from eastern America to the region where is situated the great Federal hospital for veterans at Oteen, TVA, and the Oak Ridge Laboratories. It is important that this strategic road be completed and kept open in the interest of national defense.

The Bureau of the Budget and the President recommended $20,000,000, this House passed $13,000,000 and then the Senate earmarked $3,000,000 of the $13,000,000 for the Baltimore-Washington project, thus in effect taking $3,000,000 away from the $13,000,000 in the House bill.

With this $3,000,000 of the House bill restored, the total would still be $4,000,000 under the recommendation of the President and Budget Bureau.

This amendment is in the interest of sound administration, real economy and the national defense.

H. R. 7941—Federal-aid highway bill—sec. 4

	Bureau of Budget recommended—	House bill amount	Senate committee recommended—	Senators Graham and Hoey amendment
Sec. 4 (a). Park roads	$15,000,000	$10,000,000	$10,000,000	$10,000,000
Sec. 4 (b). Parkways	20,000,000	[1] 13,000,000	[2] 13,000,000	[3] 16,000,000

[1] Baltimore-Washington Parkway not included as it was not an authorized project when House bill was passed.
[2] Of which $3,000,000 earmarked for contract authorization on Baltimore-Washington Parkway.
[3] Of which $3,000,000 earmarked for contract authorization on Baltimore-Washington Parkway.

The amount recommended $16,000,000 for parkways, is $4,000,000 below the President's recommendation of $20,000,000 as given by the Bureau of the Budget (p. 371 of the Senate subcommittee hearings on the Federal-aid highway bill).

In effect it restores the item to the amount passed by the House since at the time the bill passed the House the Baltimore-Washington Parkway had not been authorized, and it could not be expected that any portion of the $13,000,000 would be available for that project.

Funds authorized by this bill for parkways will be used to complete gaps in sections, some of which (Blue Ridge Parkway, for example) have been under construction since 1935. The completion of these gaps will enable long units to be paved and utilized as passenger-car routes, supplementing the heavily used highways, which are more suitable to truck use.

Blue Ridge Parkway gaps to be completed are:

1. Grandfather Mountain, North Carolina section, 15 miles.

2. Deep Gap, North Carolina section, 5 miles.

Completion of these two gaps will open up a continuous unit of 190 miles from near Roanoke, Virginia to Asheville, N. C.

3. James River, Virginia section, 11 miles (including James River Bridge). Completion of this gap will open up a 108-mile unit from Shenandoah North Park to Roanoke, Va.

Work on other parkways will be accomplished in similar fashion to open up long usable units for public use. Sections already built will be paved, and the effect will be to provide additional routes for passenger cars, enabling heavier use of highways by trucks. The construction proposed on the Baltimore-Washington Parkway, for example, will provide a much-needed new passenger-car route in addition to its strategic value to national defense as brought out in the Senate subcommittee hearings. Also, the parkway would provide an easily protected route through Virginia and North Carolina to the TVA developments near the Great Smoky Mountains National Park and Oak Ridge, Tenn.

The President's letter to Senator CHAVEZ did not include sections 4 (a) and (b) which concerns park roads and parkways.

Mr. MAYBANK. Mr. President, I submit amendments intended to be proposed by me to the bill (S. 7941) to amend and supplement the Federal-Aid Road Act, approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes, and I ask unanimous consent that an explanatory statement of the amendments and a telegram may be printed in the RECORD.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table, and, without objection, the explanatory statement and telegram will be printed in the RECORD. The Chair hears no objection.

The explanatory statement and telegram presented by Mr. MAYBANK are as follows:

STATEMENT BY SENATOR MAYBANK

EFFECT OF AMENDMENT TO H. R. 7941

The Secretary of the Army may condemn and require improvements of any bridge which unreasonably obstructs the free navigation of any navigable waters of the United States. In order to provide Federal funds to aid in the alteration of such bridges, Congress passed Public Law 647, Seventy-sixth Congress entitled "An act to provide for the alteration of certain bridges over navigable waters of the United States, for the apportionment of the cost of such alterations between the United States and the owners of such bridges, and for other purposes," also known as the Truman-Hobbs Act. The definition of the type of bridge which could be aided by Federal funds, however, was limited to railroad bridges or bridges which carry combined railroad and highway traffic. Therefore, when the Secretary of the Army has by order required alterations of bridges used exclusively for highway traffic because they obstruct the navigable waters of the United States, Federal funds cannot be made available under this act. This amendment would redefine the term "bridge" in the Truman-Hobbs Act to include one used exclusively for highway traffic. Thus, where the Secretary has by order determine that such a bridge obstructs free navigation on any navigable water of the United States, substantive authorization would be provided for the expenditure of appropriated Federal funds for the cost of improvements in accordance with the terms of such act. This amendment requires no provision authorizing appropriations for such purpose inasmuch as the Truman-Hobbs Act, which is being amended by this amendment, carries its own authorization for the appropriation of such sums as may be necessary to carry out its provisions.

This amendment would also redefine the term "bridge owner" in the Truman-Hobbs Act. The present act does not include a State, municipality, or other political subdivision, as an owner of a bridge used exclusively for highway traffic. The amendment would include such within the definition of a "bridge owner."

Finally, this amendment would amend section 13 of the Truman-Hobbs Act by striking out the words "used for railroad traffic." Section 13, at present, allows Federal funds to be used where a relocation or a construction of a new bridge at a new location is deemed advisable by the owner of a bridge used for railroad traffic and the Secretary of the Army. The cost would be apportioned between the bridge owner and the United States as provided in section 6 of the Truman-Hobbs Act. This amendment would also make these funds available in the case of bridges used exclusively for highway traffic.

COLUMBIA, S. C., *August 17, 1950.*

Hon. BURNET R. MAYBANK,
United States Senate:

Retel House bill 7941 we would prefer Senate Committee on Public Works version if you can get it amended as referred to in my letter to you of July 27, to eliminate the provision requiring State highway departments to set up secondary programs units in their organizations and also the requirement that highway departments must hold public hearings before city bypass routes could be built. If you cannot get these two objectionable provisions eliminated we would prefer to go back to the bill as passed by the House.

C. R. MCMILLAN,
Chief, Highway Commissioner, South Carolina Highway Department.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of a nomination was submitted:

By Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service:

Sundry postmasters.

THE BIPARTISAN FOREIGN POLICY—ADDRESS BY SENATOR JENNER

[Mr. WHERRY asked and obtained leave to have printed in the RECORD an address on the subject of the bipartisan foreign policy of the United States, delivered by Senator JENNER before the Rotary Club of Indianapolis, Ind., on Tuesday, August 15, 1950, which appears in the Appendix.]

A NONPARTISAN JUDICIARY—STATEMENT BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD a statement prepared by him on the subject A Nonpartisan Judiciary and an editorial from the Chicago Daily News, which appear in the Appendix.]

LATTIMORE, THE EXPERT, AND THE MESS WE'RE IN—EDITORIAL FROM THE FARGO FORUM

[Mr. YOUNG asked and obtained leave to have printed in the RECORD an editorial entitled "Lattimore, the Expert, and the Mess We're In," published in the Fargo (N. Dak.) Forum of August 10, 1950, which appears in the Appendix.]

PROPOSED LOAN TO SPAIN—EDITORIAL FROM THE COMMONWEAL

[Mr. LEHMAN asked and obtained leave to have printed in the RECORD an editorial regarding the proposed loan to Spain from the Commonweal for August 18, 1950, which appears in the Appendix.]

ADEQUATE HOSPITAL FACILITIES FOR VETERANS — LETTER FROM JOHN WALKER JONES

[Mr. MORSE asked and obtained leave to have printed in the RECORD a letter written to him under date of July 7, 1950, by John Walker Jones, chairman, rehabilitation committee, department of Oregon, Veterans of Foreign Wars of the United States, dealing with the subject of adequate hospital facilities for veterans, which appears in the Appendix.]

HAWAII MOLDS A CONSTITUTION AND A LEVER FOR OBTAINING STATEHOOD—ARTICLE FROM THE CHRISTIAN SCIENCE MONITOR

[Mr. MORSE asked and obtained leave to have printed in the RECORD an article entitled "Hawaii Molds a Constitution and a Lever for Obtaining Statehood," published in the Christian Science Monitor of August 7, 1950, which appears in the Appendix.]

NO COMMON CAUSE WITH FASCISM—EDITORIAL FROM THE OREGON DAILY JOURNAL

[Mr. MORSE asked and obtained leave to have printed in the RECORD an editorial entitled "No Common Cause With Fascism," published in the Oregon Daily Journal, Portland, Oreg., of August 5, 1950, which appears in the Appendix.]

COST OF WAR—EDITORIAL FROM THE WASHINGTON POST

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an editorial entitled "Cost of War," published in a recent issue of the Washington Post, which appears in the Appendix.]

CORRECTION OF THE RECORD

Mr. KNOWLAND. Mr. President, I ask to have a correction made in the RECORD of Wednesday, August 16, on page 12809. The Official Reporters apparently misunderstood me, and inserted as a quotation part of my own statement. I have marked the place where the error occurred, and ask to have it corrected.

Likewise, in the third column of the same page, the name "Formosa" was included, and should have been omitted.

The PRESIDENT pro tempore. The corrections will be made.

SENATOR HAYDEN OF ARIZONA

Mr. ROBERTSON. Mr. President, for 18 years I have been privileged to know the senior Senator from Arizona [Mr. HAYDEN]. He told me this morning that he was leaving for Arizona, I believe tomorrow, to give an account of his stewardship to his constituents prior to the primary election on September 12.

While I have known the Senator from Arizona for a long time, I really did not know, until I became a Member of the Senate, of the high esteem and the warm affection in which he is held by Members of this body on both sides of the aisle.

While I have enjoyed good health all my life, and take a pardonable pride in the ability to do hard and sustained work, I did not know the real meaning of sustained work until I labored with the Senator from Arizona on the Committee on Appropriations.

Of course it is not appropriate for any Member of this body to attempt to inject himself or his views into a primary contest in another State, but I feel justified in saying at this time what my predecessor, Carter Glass, once said. After serving for a number of years on the Committee on Appropriations with Senator HAYDEN, Senator Glass said:

If Virginia should ever be permitted to have three Senators, I should certainly make every effort to get CARL HAYDEN as the third Senator.

Mr. MAYBANK. Mr. President, I should like to join in the remarks of my

plied to secondary or feeder roads, including farm-to-market roads, rural free delivery mail roads, and public school bus routes, and the debate shows clearly that the rural free delivery mail roads and public school bus routes referred to were certainly not mail roads and bus routes that were located on the primary highways, but rather those on the unimproved county roads.

Further, as to the use of secondary funds, the Federal Highway Act of 1944 provides: "secondary and feeder roads" means "roads in rural areas, including farm-to-market roads, rural mail routes, and school bus routes, and not on the Federal-aid system." The 1948 Federal-Aid Act brings these provisions forward and expressly states that the definition of secondary feeder roads shall include county and township roads. The sole purpose of the above-numbered sections of the act of 1950 is to channel this money to roads of the county level as the previous legislation clearly shows it was originally intended, and thus stop the present practice in some States of using all of this money on a very few miles of very expensive highways.

In your letter you say in effect that Hon. D. C. Greer, president, American Association of State Highway Officials, opposes sections 1 (b) and 2. This is not true. Mr. Greer approves these sections, was consulted in their drafting, came by my office last week, and has also written a letter to the State highway departments asking their cooperation in the passage of the Senate bill.

Your statement that says in effect that the United States Department of Commerce opposes these provisions of the bill is not true. Hon. Thomas H. MacDonald, our valued Commissioner of Public Roads, certainly speaks for the United States Department of Commerce in highway legislation. He gave valuable testimony before the committee, upon which sections 1 (b) and 2 are largely drafted, and gave as his opinion that a much larger percentage of said funds should be channeled to the county level class. (See pp. 504 and 541 of the 1950 Senate Public Works Committee hearings.) Also, Hon. F. R. White, nationally known authority on public roads and highways, and presently chief engineer of the Iowa State Highway Commission, has expressed approval of these sections.

As to the county officials, I have not had a chance to contact Mr. M. W. Forman whom you mentioned, but in my opinion these sections are entirely in line with his testimony, as the sections are within the general framework of the present law. At the hearings, Mr. L. W. Newcomer and Mr. Ben T. Collier, county officials and engineers, gave testimony upon which these sections were later in part drafted. I have unqualified endorsement in my files for these sections by the National Farm Bureau Federation and the National Milk Producers Federation.

All in all, your criticism seems to be directed at section 12 of S. 3424, which was brought forward in the Senate version of H. R. 7941.

The over-all effect of your letter is to try to overturn the definite policy established by the Highway Act of 1936 and subsequent acts, and leave all agricultural areas of the country entirely out of the Federal-aid program, except those actually adjacent to the principal highways. I also note that the Chamber of Commerce of the United States had a witness appear at the Senate hearings on this bill (see p. 12 of the Senate Public Works Committee hearings on the Federal-Aid Highway Act of 1950). This witness did not oppose funds in the bill for urban highways, nor for the primary highways, nor for the secondary highways as now used, but regarding the section dealing exclusively with rural roads, he denounced it as "just plain national socialism."

I also think it pertinent to point out that your witness there said that he represented "the oil interests, the bus and truck interests, automobile interests—and I may add, insurance interests and also highway road contracting interests—and of course, many private owners of automobiles." It is clear that neither you nor your witness nor your association is thinking of those people who live in agricultural communities away from the arterial highways. It would be interesting to note here that during the last war, from a defense standpoint, 67 percent of all farm car travel was found to be essential, whereas only 53 percent of the automobile travel of other classes was considered essential, thus showing that farm-to-market roads are the supply line of our Nation as to farm products.

I call your attention again to the fact that sections 1 (b) and 2 are within the framework of the present system of Federal programs for the use of secondary funds; that no new mileage is added to the system, and the handling of specifications is left as heretofore; that the selection of the projects is left with local and State authorities; and the method of matching is the same. Provision is even made that if for any reason in any State it should be impractical to use the funds on the county highway level, that as much as 100 percent of the funds can be used on even the highest type and most expensive highways. I repeat, these provisions of the Highway Act of 1950 merely make clearer and more definite the expressed purposes of the Federal-Aid to Highways Act of 1936 and subsequent acts.

As your letter was addressed to all Members of the United States Senate, I am going to insert a copy of your letter in the CONGRESSIONAL RECORD, together with a copy of my reply, all for the information of the Members of the Congress and the people of the Nation at large.

Very truly yours,

JOHN C. STENNIS,
United States Senator.

Mr. STENNIS. Mr. President, I also ask to have inserted in the RECORD at this point copies of letters recently received from the American Farm Bureau Federation and the National Milk Producers Association.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., July 19, 1950.

Hon. JOHN C. STENNIS,
United States Senate,
Washington, D. C.

DEAR SENATOR STENNIS: The action of the Senate Public Works Committee in providing for use of secondary highway funds on local rural roads of the county road class is regarded as a desirable step in the long campaign of farmers and rural communities for adequate rural roads.

The membership of the American Farm Bureau Federation firmly believes that State and local governing bodies should have sole responsibility for determining methods of allocation within each State, as well as standards and specifications for rural road construction.

While the bill does not go as far as we would like it to go in the direction of giving more responsibility to State and local units of government, we regard it as a substantial step in that direction.

Sincerely,

HUGH F. HALL,
Assistant Legislative Director, Washington Office.

NATIONAL MILK PRODUCERS FEDERATION,
Washington, D. C., July 20, 1949.

Hon. JOHN C. STENNIS,
Senate Office Building,
Washington, D. C.

DEAR SENATOR STENNIS: For many years the National Milk Producers Federation has been deeply concerned over the slow progress in the improvement of roads in the rural areas of our Nation. Although commendable work has been done in the construction of primary and some secondary roads very little assistance has been given to the construction of local rural roads—the roads over which the farmer must travel to get to the principal roads.

You will recall that we presented testimony early last year to the Subcommittee on Roads of the Senate Committee on Public Works concerning the bills S. 244 and S. 1471. At that time we indicated the importance of good all-weather rural roads to the American farmer in the production and distribution of agricultural commodities, pointing out that in the case of dairy farmers the characteristics of milk made it imperative that there must be no delay in the movement from the farm to assembly points or processing plants. In our testimony we emphasized the need for legislation providing for decentralized authority in the determination of standards and specifications of local rural roads. It was our opinion that the proposed legislation as contained in S. 244 and S. 1471 offered a solution to the problem.

We were hopeful that on the basis of the persuasive evidence presented by numerous witnesses last year the Senate Committee on Public Works, in considering the bill H. R. 7941, would incorporate substantially the provisions of the former bills. We regret that the committee did not do so in reporting the bill H. R. 7941. However, we are of the opinion that the provisions of section 1 (b) of H. R. 7941 is an acceptable compromise and will make it possible to get off the dead center which has plagued the people in our rural areas in the development of an all-weather, year-around system of local rural roads.

We hope that enactment of the proposed legislation will result in real cooperation by the Commissioner of Public Roads, the various State highway departments, and appropriate local officials in the selection and construction of good local rural roads, with standards and specifications adapted to the need for which the roads are used.

The provision of section 1 (b) is a step in the right direction and we are in support of the proposed legislation and earnestly urge its adoption. At a later date, should the proposed legislation prove inadequate in developing a county system of improved roads which will really serve the rural areas we will again urge the enactment of legislation along the lines of our recommendations made early last year.

The dairy farmer members of the National Milk Producers Federation are appreciative of the sincere efforts made by you and others in endeavoring to secure the enactment of legislation which will give the farmers of our Nation the type of roads they want and to which they are entitled.

Sincerely yours,

CHAS. W. HOLMAN,
Secretary.

DEFENSE PRODUCTION ACT OF 1950

Mr. KERR obtained the floor.

Mr. BYRD. Mr. President, will the Senator yield to me to make a brief statement?

Mr. KERR. I yield.

Mr. BYRD. Mr. President, an analysis given to me by the legislative coun-

sel of the United States Senate makes it clear that the pending control bill does not require the President to control wages in the event that price controls are established.

Mr. Baruch emphasized in his testimony before the Senate Committee on Banking and Currency that no price control plan could be effective unless wage control was established coincident with price control. This is unquestionably true, as wages constitute a very large part of the cost of all manufactured articles and agricultural products.

I announced my support of price ceilings providing wages were controlled simultaneously with prices. This the pending bill does not require the President to do, and is so worded as to leave to his own determination whether his failure to establish wage control would constitute an undue burden upon companies producing articles upon which he places price ceilings.

The main purpose of this legislation is to prevent inflation. It would be a farce to pass a bill that does not make wage control mandatory when price controls are established. Such a course would not stop inflation and may result very disastrously to our economic system.

For myself, I cannot support any legislation that does not effectively establish both controls coincident one with the other. I am fortified in this opinion by the statement from the legislative counsel of the Senate.

I hope on Monday the Senate will amend the bill which is the unfinished business in this respect and further provide for a definite expiration date of July 1, 1951, thus enabling a review by the next Congress.

I ask unanimous consent to insert in the RECORD as a part of my remarks a copy of the analysis of Senate bill 3936, as prepared at my request by the Senate legislative counsel.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

MEMORANDUM FOR SENATOR BYRD BY MR. STEPHEN E. RICE OF THE LEGISLATIVE COUNSEL

This memorandum discusses the extent to which price and wage controls are tied together in S. 3936. Price and wage controls with respect to industries producing or handling materials important to the national defense, or significantly affecting the cost of living, are authorized, except at the retail level, by section 402 (b) of the bill. Price and wage controls generally are authorized by section 402 (c).

Both of these subsections require the issuance of orders prohibiting increases in wages (except when necessary to prevent gross inequity or to effectuate the purposes of the act) whenever an increase in wages would either require an increase in a price ceiling, or impose an undue burden on a seller operating under a price ceiling. There is a certain amount of flexibility in these provisions. Wage increases which would neither require price increases nor impose an undue burden on a seller could be allowed. Thus, in an industry where profit margins are large, wages might be allowed to rise to the extent of wiping out a large part of such margin so long as the President determined that such increases did not impose an undue burden on the seller. The committee report (last full paragraph on page 32) indicates that if the seller is left a fair and reasonable profit he probably has not been subjected to an undue burden. The President could also permit promotions, merit increases, increases in incentive payments, and similar wage increases which he determined did not impose such an undue burden. It is argued that in some instances such increases might actually result in lowered costs for the seller of an article. The committee evidently felt that some wage increases might be desirable to prevent inequities or to effectuate the purposes of the act, even though such increases might require increases in price ceilings; and the President is authorized to permit such increases. Thus the President might permit increases in defense industries, if necessary to enable them to obtain workers. And if such increases rendered inequitable wages in nondefense industries, conceivably the President might permit increases in such nondefense industries, also.

In addition to requiring restrictions on increases in wages which affect the costs of a seller operating under a ceiling price, the President is authorized generally to stabilize wages to effectuate the purposes of the act. Furthermore, section 402 (c) provides that wages shall be stabilized generally whenever price ceilings have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living. In such case, the President would be stabilizing wages because of their inflationary effect upon purchasing power as well as because of their inflationary effect upon a seller's costs.

It is seen, therefore, that an attempt has been made to tie price and wage ceilings together, but that wage increases could be made in some cases where prices are controlled. As the committee points out in the paragraph beginning at the bottom of page 33 of the report:

"While the general parallelism of price and wage controls has been preserved, it is not the intention of the committee that price and wage controls should be thought of as coextensive in all cases. There will be occasions when one needs to be applied without the other. For example, it is not the committee's intention that the exemptions from price control as provided in subsection 402 (f) should imply in all cases a corresponding exemption from wage control; nor is it the intention that every case of a controlled price will have its counterpart in controlled wages. The general parallelism is provided to assist in carrying out the purposes of the act, which is the controlling criterion.

Mr. McCLELLAN. Mr. President, will the Senator from Oklahoma yield to me so I may ask the able Senator from Virginia a question?

Mr. KERR. I yield.

Mr. McCLELLAN. The Senator from Virginia says he hopes the bill will be amended. I should like to inquire whether the Senator is having prepared an amendment which he believes will satisfactorily amend the bill?

Mr. BYRD. It is my understanding that amendments will be prepared and offered.

Mr. McCLELLAN. In other words, we will be given the opportunity to vote for proper amendments to make certain that the two elements of the economy are geared together?

Mr. BYRD. Amendments will certainly be offered which will gear the two together.

Mr. McCLELLAN. I wish to say to the Senator from Virginia that I join him in hoping that we will pass that kind of legislation. I do not want to see one element of the economy controlled and another element not controlled, and thus not actually prevent inflation.

FEDERAL-AID HIGHWAY ACT OF 1950

The Senate resumed the consideration of the bill (H. R. 7941) to amend and supplement the Federal Aid Road Act, approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes.

Mr. KERR. Mr. President, the pending road bill is, in my opinion, of great importance, not only as it affects the peacetime economy of the Nation, but also wartime conditions. It was my privilege to serve as a member of the subcommittee which held hearings with reference to the bill, and while I spent less time attending the hearings than some other members of the committee, I was present on many days of hearings. The distinguished chairman of the subcommittee, the Senator from Arkansas [Mr. McCLELLAN], and other Senators, however, spent weeks in attendance at the hearings. The greatest consideration was given to the needs of the country, the wishes of the people, and the responsibility of the Government with reference to both.

There was laid before the committee a letter from the Bureau of the Budget, which referred to the message of the President at the beginning of the year at which time an arbitrary figure of $500,000,000 was fixed as being the amount that should be the limit to be spent for certain classifications of Federal participation in the building of roads. The letter from the Bureau of the Budget to the committee was written in May. I repeat that the position of the executive branch of the Government, the President and the Bureau of the Budget, was that $500,000,000 should be the limit for those items in the road bill.

Yesterday there came to the chairman of the Public Works Committee, the distinguished Senator from New Mexico [Mr. CHAVEZ], a letter from the President in which reference was made to the Korean emergency and the situation which confronted the country because of developments in Korea. The letter set forth that, based upon the needs for national defense, based upon the emergency that had arisen by reason of the Korean situation, the President took the position that $500,000,000 should be the limit in this bill for the items referred to.

It seems to be rather a coincidence that now in August, in the presence of the emergency, the need for certain items of road building, insofar as the Federal Government is concerned, must not exceed the same magic figure of $500,000,000 which was the oft-repeated figure for these particular items mentioned by the President and by the Bureau of the Budget long before the Korean situation was heard of, dreamed of, or contemplated.

However, in pursuance of the request in that letter, consideration was again given to that subject by the committee, and, as the distinguished chairman of the committee has advised the Senate,

cepted, because, while he would naturally prefer the larger sum for his constituent, he recognizes that unless the House amendment is agreed to, this legislation might very well fail to pass before the end of the session.

Accordingly I move that the Senate concur in the House amendment to S. 1320.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nevada.

The motion was agreed to.

A. K. CHAHROUDI

Mr. McCARRAN. Mr. President, I ask that the Chair lay before the Senate a message from the House with respect to Senate bill 2457.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2457) to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim of A. K. Chahroudi which was, on page 1, line 8, after "court," insert a comma and "notwithstanding any statute of limitation."

Mr. McCARRAN. Mr. President, this is a bill to give the claimant his day in court by granting jurisdiction to the Court of Claims to hear and determine the controversy.

The House has amended the bill by inserting a specific provision that this action may be brought notwithstanding any statute of limitation.

Since the bill by its terms limits the bringing of the action to the period of 6 months following the date of approval of the act, there appears to be no objection to this House amendment.

Accordingly, I move that the Senate concur in the House amendment to the bill S. 2457.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nevada.

The motion was agreed to.

JOHN J. SEBENICK—CORRECTION IN ENROLLMENT OF BILL

Mr. McCARRAN. Mr. President, S. 3059 is a bill to provide for payment to John J. Sebenick, a former lieutenant, junior grade, in the United States Naval Reserve, a sum equal to his pay and allowances for 34 additional days of terminal leave. The board, for the correction of naval records, has ordered its records corrected to show his entitlement to this leave pay. The committee amended the bill to add the usual proviso limiting attorney's fees to 10 percent. When the amendment was made the following words: "By any agent or attorney on account of services rendered" were inadvertently omitted from the proviso. As the bill now reads, it is subject to the technical interpretation that no more than 10 percent of the amount authorized in the bill may be paid to the claimant. The enrolled bill is now at the White House.

The concurrent resolution which I now send to the desk requests the President of the United States to return said enrolled bill to the Senate and, upon its return, the action of the presiding officers of the two Houses signing said bill shall be deemed rescinded. It further provides that the Secretary of the Senate is authorized and directed to amend the bill by inserting after the word "received" on page 2, line 2, the words: "By any agent or attorney on account of services rendered."

The PRESIDING OFFICER. The concurrent resolution will be read for the information of the Senate.

The concurrent resolution (S. Con. Res. 101) was read as follows:

Resolved by the Senate (the House of Representatives concurring), That the President of the United States is requested to return to the Senate the enrolled bill (S. 3059) for the relief of John J. Sebenick. If and when said bill is returned by the President, the action of the presiding officers of the two Houses in signing said bill shall be deemed rescinded; and the Secretary of the Senate is authorized and directed, in the reenrollment of said bill, to make the following correction: On page 2, line 2, following the word "received", insert the words "by any agent or attorney on account of services rendered."

Mr. McCARRAN. Mr. President, I ask unanimous consent for the immediate consideration of the concurrent resolution.

The PRESIDING OFFICER. Is there objection?

Mr. MAYBANK. Mr. President, I understand it is quite in order to have the bill sent back.

Mr. McCARRAN. It follows the precedent, and is in order.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nevada?

There being no objection, the concurrent resolution (S. Con. Res. 101) was considered and agreed to.

FEDERAL-AID HIGHWAY ACT OF 1950

The Senate resumed the consideration of the bill (H. R. 7941) to amend and supplement the Federal-aid Road Act, approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes.

Mr. McCARRAN. Mr. President, I send to the desk an amendment to be offered by myself, the junior Senator from Utah [Mr. WATKINS], the senior Senator from Utah [Mr. THOMAS], and the junior Senator from Oklahoma [Mr. KERR], to H. R. 7941, the Federal-aid highway bill.

In order that Senators may know what my proposal comprehends, may I say that this amendment will make immediately available upon passage of the Federal Aid Highway Act the necessary authority to begin construction on vitally needed links on main highways located entirely with public domain lands. I shall not take the time of the Senate with great explanation, since the bill as it stands before the Senate now authorizes the appropriation of $5,000,000 per year for a period of 2 years to construct and maintain main roads passing through wholly federally owned lands.

My amendment would make it possible that construction might begin immediately on such roads.

To cite one case, let me say this amendment would allow completion of a transcontinental highway, U. S. 6, which now has only 47.4 miles of its 3,000 miles uncompleted. This link lies in eastern Utah, and extends from the Utah line westerly across the State of Nevada and southward to the Pacific coast.

This incomplete link is important to the military security of our Pacific coast. In the State of Utah and surrounding Salt Lake City, there are many military facilities. These facilities manufacture small arms and other armament of various kinds. Also located in that immediate area are Hill Field, one of the three largest air bases in America; the important Clearfield, Utah, naval supply depot; the Army supply depot at Hill Field; and the Tooele, Utah, ordnance depot which stores wartime chemicals and munitions. There is the mammoth steel plant at Provo, Utah, and the large chemical warfare depot at the Dugway Proving Grounds.

The city of Salt Lake lies in a basin and is connected to the Pacific coast directly by one main highway—Highway 40. This area needs another route to relieve Highway 40 from its terrific burden. Likewise, if military activity rendered useless this highway, it would be impossible for military traffic to reach the west coast from the Salt Lake City area except by long routes through Idaho to the north, or south through Arizona. Highway 6 would provide this vitally needed alternate route. Since the uncompleted section of this highway lies wholly within public domain lands, existing authorizations allow Federal funds to be utilized.

The Public Works Committee received considerable testimony on this subject of highways lying entirely on the Federal domain which have not been improved due to the lack of habitation on such lands and the inability of the States to spread their highway funds far enough to reach such roads. Only a few remaining links lie within this category. I understand these States, in addition to the State of Utah, are Oklahoma, Arkansas, Arizona, New Mexico, and possibly Oregon.

Because of the military necessity of some of these uncompleted links, and the fact that our faces are turned westward now to the Pacific coast as a staging center for vital shipments to the Far East, I hope favorable consideration can be given to the amendment at the proper time.

Precedent for such immediate contract authorization as I propose exists in the highway aid bill as it now stands, in the section dealing with construction of parkways within national parks.

Mr. President, I ask unanimous consent that the amendment may be printed in full in the RECORD.

The amendment submitted by Mr. McCARRAN (for himself, Mr. WATKINS, Mr. THOMAS of Utah, and Mr. KERR) was received, ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 25, line 19, strike out the period and insert in lieu thereof a colon and the following: "*Provided further*, That $2,500,000 of the sum authorized for the fiscal year

ending June 30, 1951, shall be available for contract immediately upon the passage of this act."

PROPOSED PRICE AND ALLOCATION CONTROL

Mr. MALONE. The bill S. 3936 to control prices and allocations seems inconsistent at this time due to many factors.

NO FOREIGN POLICY

Chief among these factors being that the Government has no international policy.

No one knows, least of all the Members of the United States Senate, whether or not we intend to stop at the thirty-eighth parallel in the war we are now conducting and which the President chooses to call a police action; whether we will stop at the thirty-eighth parallel and leave a couple of divisions of troops to maintain the division of the Korean Nation, or whether we will push on to the north boundary of Korea and leave a few divisions there to contain Russia.

CONTROL WITHOUT OBJECTIVES

Either seems to be an impossible condition. The President has not named the objective, but is now asking for controls which obviously is not needed at this time if this is truly only a police action.

OVERSUPPLY AT THIS TIME—OPA

Further, Mr. President, if such controls as are described in the bill mean—control of everything from the price of eggs to real estate is to be fastened on this country at this time, when we have more than enough of everything, and when to go into the manufacture of war materials will require several months and an estimated 10 percent of our income the time is not opportune for such controls. The experience of this country through World War II with the OPA, when it was almost impossible to unfasten the Governments tentacles from business following the war, it seems inadvisable to put into the hands of the President of the United States the right to interfere at any time and the right to fasten such controls at random, as he may see fit to the business life of the Nation.

SENATE SUBJECT TO CALL—24 HOURS

Mr. President, the Senate of the United States will shortly complete its principal work for the year. One suggestion is that we adjourn 3 days at a time. Another suggestion is that we might adjourn subject to the call of the President, the majority or minority leaders.

In either case the Members of the Congress of the United States are within 24 hours of Washington any place in the United States of America.

NO SUCH EMERGENCY

Mr. President, I submit that no such emergency exists at this time as to warrant any such political authority be given to the President of the United States, or for the Congress to divorce itself entirely from this date on, from having any part in deciding either as to the time or extent of the regulation that may later be needed.

STORED FOOD AVAILABLE

Mr. President, when we speak of food, for example, I want to say that the United States of America has stored in caves and warehouses and in various other types of storage a total of $2,295,600,000 worth of food, from Maine to California. This is at least a partial list of such food:

Butter, 192,000,000 pounds, $100,000,000. Dried milk, 322,000,000 pounds, $50,000,000. Cheese, 80,000,000 pounds, $25,000,000. Dried eggs, 170,000,000 pounds, $150,000,000. Cotton 2,551,000 bales, $432,000,000. Corn 325,000,000 bushels, $500,000,000. This is about the amount of money, Mr. President, asked for to build roads in the entire country, as we heard in the debate a few minutes ago. Wheat, 32,000,000 bushels, $797,000,000. Flax seed, 16,000,000 bushels, $88,600,000. Linseed oil, 502,000,000 pounds, $153,000,000.

GOVERNMENT DISPOSING OF FOOD 10 CENTS ON THE DOLLAR

Mr. President, that probably does not include a great deal of miscellaneous material stored here and there, and bought up under the Government program. We read in the newspapers in the last few weeks that the Government is making a great effort to get rid of this food; to ship it to foreign countries at 2 cents, 5 cents, and 10 cents on the dollar. As a matter of fact, if we are anywhere near the condition the bill would indicate, that some of the Members of Congress and the President seems to think we are in, now is the time to save this food.

CREDIT CONTROLS

Mr. President, we need credit controls. We need better control of the inflationary factors by the Federal Reserve Board.

We know that price control cannot work—it creates cheats and chiselers—it creates competition with the Government instead of cooperation.

Mr. President, an article by Edward H. Collins in the August 8 issue of the New York Times is a well written and well thought out outline of some of the pitfalls of regulation.

Mr. President, I ask unanimous consent that the article may appear at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PRICE-WAGE CONTROLS IN PERSPECTIVE

(By Edward H. Collins)

Perhaps the most charitable thing that can be said of those Congressmen who engaged in last week's stampede for an immediate freezing of prices and wages is that they are lamentably in need of a course in memory training.

There is no other logical explanation for the two basic misconceptions which seem to have been implicit in their actions. One of these is the belief that the economic problem posed by the 1950 defense program at this stage is roughly analogous to that which we faced in World War II; the other is the singularly naive idea that earlier experience with such controls was a brilliant and unqualified success. It should hardly be necessary to point out that neither assumption has any warrant in historical fact.

Mr. Truman has pointed out that the new military-expansion program would account for only about 10 percent of our present national product of nearly $270,000,000,000. This means—to state it in somewhat oversimplified terms—that even when the program actually gets under way, which will not be for several months, 90 percent of our productive energies will still be available to serve the Nation's civilian needs. This, it should be added, is 90 percent of a production potential $100,000,000,000 larger than that of 1939.

To bring this picture into perspective, let us refresh our memories briefly on the general character and magnitude of the World War II effort. In that war we retooled most of our heavy peacetime industries, expanded them enormously, and transformed them into one gigantic, coordinated munitions industry. As early as October 1942, we were pouring 50 percent of our national income into war production. A year later the Federal Reserve Board repoted that 70 percent of the country's production facilities were concentrated on winning the war. Winning the war meant, among other things, raising, equipping, transporting, and feeding an American armed force of nearly twelve million; providing lend-lease aid to our allies at a rate which by the end of 1944 had reached $1,000,000,000 a month, and producing the bulk of the shipping which, with the aid of new combat techniques, made it possible to eliminate the dreaded menace of the German U-boat.

Now the diversion of that much of a nation's economic effort to war calls for cutbacks of major proportions. In this case it meant, to all intents and purposes, the complete stoppage of the production of peacetime consumer durable goods—automobiles, radios, electric refrigerators, and the innumerable household gadgets which have come to be a symbolic adornment of the American way of life. At the same time, an estimated 50 percent of all American food products had to be earmarked for consumption either by our own military forces or by our allies under lead-lease.

The gross national product in this period increased from $91,300,000,000 in 1939 to $213,700,000,000 in 1944. Our over-all production rose therefore at a spectacular rate. Even allowing for this, however, the picture that unfolded was one of a steadily expanding volume of purchasing power at a time when the supply and variety of civilian goods and services were contracting just as steadily. Here, in this rapidly widening divergence of supply and demand—this inflation gap—is to be found the genesis of price and wage controls and the rationing of food in World War II.

To say that these over-all controls were 100 percent effective would be untrue. To say that they were 60 percent effective would probably be an exaggeration. The Bureau of Labor Statistics' index of the cost of living performed, on its face, respectably enough. But that index, for a number of obvious reasons, left unrecorded many things that vitally affected living costs—the black markets, the deterioration in the quality of many standard civilian items, and the fact that many others were unavailable for the simple reason that they weren't being produced. The little-steel formula, which was supposed to represent a sort of Maginot line in the field of wages, was irreparably breached by John L. Lewis in 1943, and from that point forward the War Labor Board found itself fighting a rearguard action against a steady onslaught of demands from the labor unions for higher wages. It is an unpalatable fact that, as against a 1916–35 average of 1,868 labor disputes annually, the numbers in the war period ranged from 2,968 in 1942 to 4,956 in 1944, the latter an all-time high.

In short, price-wage controls were adopted in World War II because in the circum-

stances no alternative course was available. That they functioned as well as they did is ascribable mainly to two circumstances: (1) The absence of durable consumer goods into which Americans customarily direct their surplus purchasing power, and (2) the patriotic fervor which accompanies an all-out war. Neither of these conditions, of course, is present in the current situation.

RECREATING THE BLACK MARKET

Mr. MALONE. We could supply an army of the size of the one we are now getting together for a considerable time.

Aside from food—and certainly there is a great abundance of food at this time—when we start regulating basic industries of the United States, we simply are recreating the old black-market days.

The minute we give the President the authority now requested, people will be afraid that any morning they may wake up to find that the controls have been imposed. Accordingly many persons hurry to make contracts and to speculate in the basic products; and the result is that we hasten the advent of the very thing we fear the most. The continual immediate threat is almost as bad as the regulation itself. So the black market is created.

PAY THROUGH THE NOSE FOR MATERIAL

Mr. President in World War II, I was not in the Senate, but I was very close to the War Production Board as special consultant to the Senate Military Committee. We remember that at that time citizens of the United States located from 100 to 3,000 miles away from the Capitol soon were paying anywhere from $100 to $2,000 or several thousand dollars depending on the build-up to someone who was either connected with the rationing organization or was close to the administration, in order to get the material they wanted. That practice developed, and the result was that such persons had to pay anywhere from two to three times what the materials they wanted were worth, and the fee in addition.

Mr. President, the enactment of the measure now before us would lead to the recreation of that condition. It is not necessary that we take the steps now proposed at this time.

Furthermore, many persons believe that once an OPA is established it will be most difficult to remove it from our business structure. We all know how long it required to shake off the OPA from the American business structure.

THE OPA

After the OPA was established, those who were employed by that agency attempted to hang on and resisted every attempt to remove them from the Government payroll or abolish the agency. That agency had thousands and thousands of Government employees who scarcely knew any other way to make a living. I remember that at the time when it was proposed that OPA be ended, one argument against ending it was that to end it would create a tremendous unemployment problem.

A LONG PREPAREDNESS SESSION

Mr. President, if this bill is enacted into law and if the system now proposed goes into effect, probably we shall experience—according to the best information we can obtain—a considerable number of years of preparation for war and a good many police actions—which is what the President calls the present action in Korea.

If we do not have a major war for 10 or 15 years, we probably shall be continually in the throes of preparation. If we do have a major war, it may least 20 years; many experts agree that it will not be a short one.

CANNOT SHAKE OFF CONTROLS

Mr. President, as soon as such controls are fastened on our business structure, I predict that it will be almost a miracle if we can shake off our economic structure in your lifetime or mine; I predict that you and I will never see the business structure of our country free again.

With that situation in mind, and realizing that the Members of Congress are always within 24 hours of the Capitol—regardless of whether 3-day recesses are taken or whether an adjournment to the first of the year is taken—the Executive can always call Congress back into session immediately that any real emergency threatens.

EMERGENCY NOT HERE

In view of all the food we now have in storage and all the production we have, I submit there is no threatened shortage, because it is admitted that perhaps not more than 10 percent of the economy of the country will be devoted to meeting the emergency now occurring in Korea.

25 PERCENT STEEL INDUSTRY FOR WORLD WAR II

I wish to say that I have been informed by some of the leaders in the steel industry that not more than 25 percent of the steel production was allocated to war uses during the last war, and at that time our steel industry was operating at a production rate of between 90,000,000 and 100,000,000 tons of steel a year.

BUREAUCRATS NOT CAPABLE

I also wish to say at this point that of course we shall find Government officials—Cabinet officers and bureaucrats of all kinds—who think that all that it is necessary to do is for the Congress to turn over to them the job of handling the basic industries.

GOVERNMENT OFFICIALS KNOW LITTLE ABOUT IT

Of course, in such case the regulation of steel, for instance, probably would be turned over to some Government official who knows nothing about the steel business; or in the case of petroleum, the regulation of that industry would be turned over to some Government official who knows little or nothing about the petroleum business; and other of the regulating officials would know nothing about the gas business or the coal business or the power business, or very little about any business as a matter of fact. However, once such persons get the ambition to control American business, they claim to understand all the details of the businesses they seek to control. After having been 30 years in the engineering business, Mr. President, I say it is impossible for any one of those men to comprehend all about any one of the businesses I am about to mention, although those bureaucrats think they know everything about all of those businesses.

POWER—ELECTRICAL ENERGY

For instance, in the power business there are today men who have accurate knowledge about every kilowatt of power their business is capable of producing, and how to control it; but those men are constantly engaged in the power business, either in the private power companies or in the municipal companies.

STEEL

Similarly, the men engaged in the steel industry know the corresponding data about their business. The heads of the various steel companies know, within a few hundred tons, the amount of steel their companies can produce in 6 months, and they know exactly what can be done with that steel, the shapes into which it can be formed, and so forth, and so on. However, all their knowledge of their own businesses is insignificant when compared to the knowledge claimed by the bureaucrats and Cabinet members, who will think they know all about those businesses as soon as the Congress and the President direct them to start regulating them.

STORED FOOD—FROM MAINE TO CALIFORNIA

Mr. President, I shall mention only five or six of the basic industries, in addition to the food production industry. Of course we have vast quantities of food stored in caves and warehouses, all the way from Maine to California. Today we are endeavoring to give much of that food to foreign countries.

LUMBER AND WOOD PRODUCTS

I venture to say that in the case of four or five large lumber companies, if we were just to talk on the telephone to the officials of those companies, they could tell us at once the amounts of lumber and the kinds of lumber their companies can produce each month for the next 12 or 24 months.

PETROLEUM

In the case of the petroleum companies, it is obvious that no one understands that business very well, except those who are engaged in handling that business from month to month and from year to year. Even they understand only their particular part of the petroleum business and the particular area in which they are engaged. Even so, they make some mistakes in their own area; but still they know more about it than do any other human beings on earth. However, it seems that in the last few years there has been a growing feeling that anyone who really understands a business is not qualified to have anything to do with it, so far as Government regulation is concerned.

COAL

In the case of coal, it is obvious that the officials of the coal companies can tell us almost exactly how much coal their companies can produce at various times.

BASIC COMMODITIES

In addition to the food industry, the power industry, the steel industry, the lumber and wood products industry, the

petroleum industry, the coal industry, and the gas industry comprise the basic areas of American production. The moment an attempt is made to regulate one of them, it is necessary to impose regulations upon all the other basic industries of the Nation; and that action creates the black markets I have mentioned.

PRESIDENT CONTACTS LEADERS

However, if the President of the United States were to get in touch with the officials of the Northwest power companies and the Southwest power companies—and I could state their names for the RECORD—they would be able to tell the President, "If you tell us a few weeks or a few months in advance how much power you want, and where, and when, it will be available; and our customers will get what is left." That is the way those men are able to operate. We finally had to come to operations on that basis during the last war, even after trying to have the great minds in the Government service regulate the power business.

In the steel business we could proceed in exactly the same way. The officials of five or six large steel companies, who know all about the steel business, and the officials of the other basic industries I have mentioned, could almost instantly supply the necessary information to the President, and could be depended upon to have the desired production available when and where wanted; and the President of the United States could, by means of the exercise of the power he now has make all the necessary arrangements with those officials.

DEPEND UPON REAL EXPERTS

So, Mr. President, I say we should let the Government depend upon those who know something about their own businesses—who know how much steel or how much coke or how much coal or how much power or how much lumber and wood products, how much petroleum they can produce, and who can make very accurate predictions, 6 months ahead of time, of the amounts which can be produced, in accordance with the needs under the Government's program.

NO BLACK MARKET

So long as the officials of those industries are permitted to keep their estimates 6 months ahead of deliveries, and so long as the officials of the companies in those industries are kept informed regarding the time and place and amount of the production desired, I venture the assertion that the needed production will be obtained, and without any black-market prices, and without upsetting the entire operations of our domestic structure by the injection of regulation under a bill of the nature of the one now before us.

EXAMPLES OF SUPREME EGOISM

In the last 3 or 4 days I have been attending hearings of the Committee on Interior and Insular Affairs. We discussed control bills, control and ownership of tidewater oil-bearing lands. We have representatives of the Attorney General's office and from the Department of the Interior who testify. They know more about the oil business than any man who ever owned an oil well. Nevertheless, it is only necessary to ask them a question or two in order to learn that they know very little about the subject. The point, however, is that they have authority. To hear some of the testimony we are getting before the committee would make one break down and cry. So, Mr. President, I caution against haste. When we pass a bill of this kind it is only the start.

REGULATION MAY BE NEEDED

Mr. President, I am not today saying that the time will not come when such regulation may be necessary, but let us stop thinking that this regulation was successful in World War II. It lacked a great deal of being successful. While the method I am describing may not be perfect, it is far beyond any regulation by Government officials. I am sure that any Senator on the floor would readily admit that he knows nothing about the regulation of these industries. Nevertheless, by some sort of magic we hear statements on the Senate floor by Senators who apparently seem to think that all we have to do is to pass a law to let some great mind undertake to run the business of the country altogether, and that he can do the job.

EXPERTS OFTEN MAKE MISTAKES

As a matter of fact, experts in the business are worried. They get to their offices early every day and work late, and then make mistakes in their own particular businesses. The proposal is like putting me in charge of a hospital—I know nothing about a hospital so there would be no problems.

WORLD WAR II—EXPERIENCE

It so happens that during the late war I kept close to this subject, I watched thousands of people who had no idea of what they were trying to do, who were working in this field. They had the authority and they made the decisions. It was murderous.

STRATEGIC MINERALS—EXAMPLE

By way of illustration, Mr. President, I may refer to an editorial which appeared yesterday in the New York American. The editorial mentions strategic metals. It reflects what has happened in regard to strategic metals in this country, in the hands of the Government officials, particularly in the hands of the State Department, begun through various conferences, starting at Annecy, France, and which they want to complete, under cover of war, in Tourquay, England, in September.

I shall only touch on the mining business, because, so far as strategic metals are concerned, 70 percent of the mines of the United States have been closed down through the stupid free-trade administration policies, yet we do not have an adequate stockpile of such minerals, and we do not have a going-concern mining industry. What is needed to win a war is an adequate stockpile, and a going concern, a mining industry. I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, the editorial appearing in the New York Journal-American of August 17, 1950—relative to the availability of such strategic minerals.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

STRATEGIC METALS

One of the vital matters related to national defense in which the Truman administration in general and the State Department in particular have been delinquent is the domestic production of strategic metals.

The strategic metals are those which are essential to modern industry and indispensable to modern warfare.

Most of them are in short supply in the United States, and we have always depended on imports to enable our peacetime industries to function and, of course, to support our war industries when that has been necessary.

But in most cases they are not, as has been mistakenly supposed, unavailable in the United States.

In the case of tungsten, without which steel cannot be made, there are substantial known sources and vast potential sources in this country.

But none of our domestic tungsten mines are operating today and no effort is being made to develop new ones.

The reason for this is that the national tariff policies, for which the Truman administration and the State Department are responsible, have made the import duties on foreign tungsten so low that American production cannot be conducted profitably in competition, and has therefore been abandoned.

The same thing is true of many other metals, most of which could be supplied in sufficient quantity by domestic sources for our own needs in either peace or war, but which come mainly from foreign countries because of the elimination of protective tariff barriers.

Senator MALONE, of Nevada, has remarked in this connection:

"Copper, tungsten, mercury, lead, zinc, aluminum, molybdenum, and vanadium all are vitally necessary, yet the State Department is n the way to put the American production out of business by fixing the import duties so low it is impossible to compete with foreign costs."

Already, as Senator MALONE asserts:

"There is not an independent copper mine in operation in the United States today.

"Copper is a vital war material.

"The tungsten mines are closed.

"Tungsten just happens to be something without which you can't make a pound of high-speed steel."

Ironically, with our own strategic metals sources undeveloped and our main reliance placed upon foreign suppliers, there is an imminent and ominous prospect that the Asiatic war will cut the life-line upon which we have so foolishly come to depend.

Then, of course, as Senator MALONE bitterly comments, the American Government will spare neither cost nor effort in bringing American mines and processing industries back to life.

But that will only be at the grave risk of being too late, and in any event there will be a tragic loss of vital months and years.

UNIVERSAL MILITARY SERVICE LEGISLATION MURDERING UNTRAINED BOYS

Mr. MALONE. Mr. President, I desire to mention another preparedness item. About 18 months ago I joined with another Senator in introducing a bill for universal military training, February 1949. The administration opposed the bill, so no hearings have ever been held on it. Yesterday we rushed in to introduce another universal military training bill. Why? Because, just as we said would be the case, in an emergency untrained boys are sent into Korea and

we are murdering those boys, Mr. President, because many of them are untrained. I do not like it. No one else likes it, but it is too late to train them now.

AMERICAN LEGION ALWAYS FOR THE LEGISLATION

The American Legion is for this bill, I understand. I did not intend to digress for the purpose of discussing the bill, but for 25 years the American Legion and other veterans' organizations have tried to secure the passage of a bill of this kind, under which we would have trained soldiers to be used in an emergency, instead of using green boys. They go to the front. They are brave, and they try to do their job, but are unable to do an adequate job because of lack of training. They are in danger 10 times more than they would be had they been properly trained. In other words, trained soldiers have a better chance of survival.

Mr. MAYBANK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from South Carolina?

Mr. MALONE. I am glad to yield.

Mr. MAYBANK. I am glad the Senator mentioned the American Legion, with which many of us have been associated, which has been supporting legislation of this kind. I am happy to say that I voted in favor of universal military training, not only in the Armed Services Committee, but on this floor.

Mr. MALONE. I am glad the Senator from South Carolina has seen fit to bring up this matter. He has had experience. He has been in the Armed Forces. He knows what happens to a green soldier, and he knows that a trained soldier has a much better chance of survival.

Mr. MAYBANK. I may say that I have always supported universal military training, and always shall.

Mr. MALONE. I join with the Senator now.

Mr. MAYBANK. It is my judgment, however, that it is now a little late.

Mr. MALONE. It is late so far as the Korean War is concerned, but from all indications the boys will be sent into other "police actions."

Mr. MAYBANK. We may have, later on.

SEVENTY-FIVE PERCENT BRASS FABRICATION CONTROLLED BY COPPER COMPANIES

Mr. MALONE. Mr. President, I should like to mention one thing more in connection with the matter of preparedness, which is along the line of the closing of mines by the State Department and by other departments of the Government. Today in the New York Journal of Commerce a brass fabricator "denounces the duty on copper," it says. "Cost must be passed on," Revere chief says. I want to say that the Revere Copper & Brass Co. is controlled by another large company, the American Smelting & Refining Co. We have three large copper companies in the United States which control all the large copper pits. Two of those companies control the working pits in Chile. The three companies own or control 75 to 80 percent of the brass-fabricated production in this country. They want free trade in copper and a tariff on their brass products. Let us see how it works.

STATE DEPARTMENT'S FREE TRADE CLOSED COPPER MINES

Free trade on copper closed every independent copper mine in the United States of America, with the exception of certain small mines in Michigan, which had to lower wages and write off a large amount of the investment in order to keep going. The same principle applies to every industry.

FREE TRADE CLOSED INDEPENDENT COPPER MINES

Mr. President, I should like to say further that all we did when we wrote off the copper tariff—and now great effort is being made to extend free trade on that strategic metal—was to put ourselves into such a position that one snorkel submarine could destroy both the copper deposits in Chile within 48 hours and leave us on our own resources with the independent copper mines closed.

FREE TRADE KILLS VENTURE CAPITAL

So long as we have free trade no venture capital is going into any business, because as soon as the emergency is over the capital is destroyed. So venture capital will not go into business. The only possible way to get capital into business then is through the Government—and everyone knows how inefficient that is, besides destroying our economic structure. We have the Spence bill hanging over our heads like a sword. All we have to do is to complete taking venture capital out of the business and then pass the Spence bill and take the money out of the United States Treasury.

TARIFF ON COPPER—NATIONAL SECURITY MEASURE

The tariff on copper is simply a national security measure and assumes new copper deposits will be found. We must have prospects to have small mines, and we must have small mines to develop large mines.

MUST KNOW OBJECTIVES

Mr. President, it seems to me that before we undertake a regulation of this kind or place this kind of extensive control in the hands of the President of the United States, we should know what the objectives are of this President of the United States. No one has ever said that southern Korea is important to our ultimate safety. I have been talking about this since March 1948. When we first had the great Marshall plan on the floor of the Senate, the junior Senator from Nevada said:

WHAT IS IMPORTANT TO US

Let us separate the objectives and see what they really are. What interests in the world are we going to protect? Are we going to stamp out every fire in the world? Every time a group of Chinese moves down from the Mongolian state into China, are we going to send them back? Or are we going to try to protect the areas which are important to our ultimate safety?

NAME OUR OBJECTIVES

The President has never said what we are going to do when we get to the thirty-eighth parallel—if we do. He has never said whether we will keep the northern Koreans out of South Korea or whether we are going to pack up and come home. The President has never said whether we are going to contain Russia beyond the northern boundary of Korea. It may be that the President will change his mind and go right on through. I do not say it is not the right thing to do, but I say we are entitled to know what we are going to do. It is simply a blind to call it a police action and cover up the $5,000,000,000 domestic debt which he had already incurred. We would have had to sell $5,000,000,000 worth of new bonds in addition to refinancing all the existing obligations anyway—we are now trying to forget that under cover of war.

NOT TIME TO PUT AMERICAN PEOPLE IN STRAIT-JACKETS

I submit, Mr. President, that this is not the time to put the Congress and the people of the United States into a strait-jacket. If he has in mind preparing for a world-wide war, it is time to say so. But the time may come for such controls—but this is not the time.

It is the business of the United States Congress to meet the situation as it comes along and not to dodge it and throw it into the hands of a President just because we may be able to blame him if he makes a mistake. We know he will make a mistake; there is little question about that part of it.

But I am not in the Senate to blame anyone. I want to see Congress assume its responsibility. It is not assuming it when it shifts the responsibility in this manner—through a blanket act.

Mr. President, we have been talking about price control. We are placing in the hands of the President legislation which will allow him to be selective. Many persons believe that if we are going to control one thing, we have to control all the rest. Mr. Baruch said, "If you control the price of one thing, you must control everything, right down to labor."

WAGES MAY BE TIED TO PRICE INDEX

Does he mean that we are to freeze wages and prices as they are now? It might be better to take a leaf out of the General Motors Co. book and say that we shall tie wages to a price index.

No one, I think, objects to raising wages if the cost-of-living index goes up. No one, it seems to me, Mr. President, has thought this thing through. I am not saying I know the answer, because I have been through two world wars, being in the Army in the first war, and close to regulatory bodies during the second war in the South Seas and in Alaska, and Mr. President, controls do not work either.

We are willing, apparently, to take a week to discuss it and then throw it in someone's lap and say, "It is your baby. It is out of our hands. Make a mistake, and we will blame you." We know that there is no man alive who knows how to do this job.

What we are doing is throwing this bill into the greenest of hands. Whose are these greenest of hands? They are the

bureau officials, persons brought in and appointed to Government agencies.

GREEN MEN HEAD AGENCIES

I do not, at this late date, Mr. President, need to mention the men at the head of these agencies. They probably did the best they could during World War II with no knowledge at all. Most of them not knowing even one business, they could not know more than one business.

NOT THE TIME FOR CONGRESS TO SHIFT ITS RESPONSIBILITY

In closing, Mr. President, I want to submit that this is not the time for Congress to shift its responsibility and place it entirely in the hands of the executive, simply go home, or, if we do not adjourn, be away on call. But whether we recess and go home or not, we should keep that responsibility and study the situation, and when the President thinks it is time to act, then let him call Congress back into session.

1934 TRADE AGREEMENTS ACT

Mr. President, I want to review briefly one thing that Congress did in 1934, which is a case in point. Congress will never live that one down. It can take it back, and probably it will. The Senate transferred its constitutional responsibility to regulate foreign trade to the executive branch. That was done through the 1934 Trade Agreements Act. The Congress of the United States is charged with that responsibility by the Constitution, and yet today Congress has no more to do with it than does a man plowing corn with a walking cultivator in Kansas. Congress shifted its responsibility, went home, and has never taken it back and as a result venture capital is being frozen out of the country's economic structure.

ERROR IN JUDGMENT

The junior Senator from Nevada many times on the floor has outlined what happened, and he will not review it today. But the fact is that we do not have an inadequate stockpile of strategic and critical minerals and materials, and the people who can produce those things were out of business due to that error of judgment on the part of Congress.

That includes the textile people, the watchmakers, the crockery people, the lumber people, and others. Why? Because the Congress of the United States was sold a bill of goods with reference to foreign trade. So Congress passed a bill, written all on one page, and transferred to the executive branch, which means the State Department, the only real responsibility that ever rested in the United States Congress, so far as the regulation of the national economy is concerned.

REGULATING NATIONAL ECONOMY THROUGH THE REGULATION OF IMPORTS

What does regulation of foreign trade do? It is the regulation of the national economy; that is what it is. It is the regulation of the national economy through the regulation of imports. We placed that power in the hands of an industrially inexperienced State Department whose thoughts do not connect the standard of living in this country with the standard of living in competitive nations, a department which says that destroying an industry in this country is no reason for not lowering tariffs and import fees.

THE ECONOMIC ONE WORLD

They are headed for an economic one world. That is their plan. While we hope that the police action in Korea will be temporary, we know that probably it will not be because of past experience. Because of the possibility of the police action reoccurring and because of the possibility of a major war, we are probably in for 10 or 15 years or more of such preparations. We shall never get back that regulatory authority from the President of the United States and from an executive department that is mad for power once it is transferred as in this legislation.

WHY DISCARD A FREE ECONOMY AT THE FIRST SIGN OF TROUBLE?

So, Mr. President, let me say that it is a puzzle to me why in a free economy in which we are able to outproduce every nation in the world, in which we are able to support the Socialist nations of Europe and able to support half the nations from the products of a capitalistic free-wheeling system, the minute there is any sign of trouble we must adopt their system to beat them.

Mr. President, this Congress is like a bird dog, which every time the master picks up a gun knows he is going out on a hunt. The minute trouble starts we must have controls fastened on us. We connect the two. I say in closing that I believe this Congress will rue the day if we shift this blanket authority to the Executive.

EXECUTIVE CHARGED WITH FOREIGN POLICY

The Executive is charged with the fixing of our foreign policy. He does not fix it. The Senate of the United States cannot fix foreign policy. All it can do is talk. We have shifted the only real authority we ever had, that of regulating foreign trade and therefore regulating the internal economy of our country, and we gave that authority to the President in one single act—the 1934 Trade Agreements Act—and we have extended it every 3 years; we simply follow like a bunch of sheep.

WILL MOVE TO RETURN TO COMMITTEE

On Monday I shall offer a motion to return the bill to committee, to have the committee study it further, with the small hope that we shall have some idea of what we are doing if we are finally forced to pass such legislation.

CONFIRMATION OF NOMINATIONS

Mr. MAYBANK. Mr. President, I ask unanimous consent that as in executive session the Senate proceed to consider nominations on the Executive Calendar.

Mr. DONNELL. I have no objection to that procedure.

Mr. WATKINS. Reserving the right to object, what nominations are included?

Mr. MAYBANK. The United Nations, International Claims Commission of the United States, Public Advisory Board, Tax Court of the United States, and Diplomatic and Foreign Service.

Mr. DONNELL. There is no objection so far as I know. Some individual Senator may make an objection if he so desires.

The PRESIDING OFFICER (Mr. McCLELLAN in the chair). Will the acting majority leader restate his request?

Mr. MAYBANK. Mr. President, I ask unanimous consent that, as in executive session, the Senate proceed to consider the nominations on the Executive Calendar.

The PRESIDING OFFICER. Is there objection?

Mr. DONNELL. Mr. President, the point has been suggested to the speaker at the moment as to whether it is proper to enter into such a unanimous-consent agreement without a quorum call. I make the parliamentary inquiry as to whether there should first be a quorum call.

The PRESIDING OFFICER. The Chair understands that it has not been the rule to require a quorum call in such a situation.

Mr. DONNELL. I know of no objection, Mr. President, to the confirmation of any of these nominations. None has been communicated to me, and I shall personally not offer any objection.

Mr. MAYBANK. Mr. President, I understand that there is no objection.

The PRESIDING OFFICER. The Chair hears no objection.

The clerk will state the nominations on the Executive Calendar.

UNITED NATIONS

The legislative clerk read the nomination of Milton Katz, of Massachusetts, to be the United States Special Representative in Europe, with the rank of Ambassador Extraordinary and Plenipotentiary.

The PRESIDING OFFICER. Without objection, the nomination is confirmed, and the President will be notified.

Mr. DONNELL. Mr. President, on the matter of the notification of the President, I object. I do so for the reason which has been mentioned a number of times, namely, that the effect of such notification would be to waive the right of reconsideration. So I object.

The PRESIDING OFFICER. Without objection, the Chair will correct the ruling and state that without objection, the nomination is confirmed.

INTERNATIONAL CLAIMS COMMISSION OF THE UNITED STATES

The legislative clerk proceeded to read the nomination of Josiah Marvel, Jr., of Delaware, and of two other citizens to be members of the International Claims Commission of the United States.

Mr. MAYBANK. Mr. President, I ask that the nominations for the International Claims Commission of the United States be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

PUBLIC ADVISORY BOARD

The legislative clerk read the nomination of Orin Lehman, of New York, to be a member of the Public Advisory Board.

shall upon conviction thereof be punished for each such offense by a fine of not less than $2,000 and not more than $5,000, or by imprisonment for not less than 2 years and not more than 5 years, or by both such fine and imprisonment. For the purposes of this subsection—

"(1) each false statement willfully made, and each willful omission to state any fact which is required to be stated, or which is necessary to make the statements made or information given not misleading, shall constitute a separate offense; and

"(2) each listing of the name or address of any one individual shall be deemed a separate statement.

"(c) Any organization which violates any provision of section 811 of this act shall, upon conviction thereof, be punished for each such violation by a fine of not less than $2,000 and not more than $5,000. Any individual who violates any provision of sections 805, 806, 810, or 811 of this act shall, upon convicted thereof, be punished for each such violation by a fine of not less than $2,000 and not more than $5,000, or by imprisonment for not less than 2 years and not more than 5 years, or by both such fine and imprisonment.

"APPLICABILITY OF ADMINISTRATIVE PROCEDURE ACT

"SEC. 817. Nothing in this title shall be held to make the provisions of the Administrative Procedure Act inapplicable to the exercise of functions, or the conduct of proceedings, by the Board under this title, except to the extent that this title affords additional procedural safeguards for organizations and individuals.

"SEPARABILITY OF PROVISIONS

"SEC. 818. If any provision of this title, or the application thereof to any person or circumstance, is held invalid, the remaining provisions of this title, or the application of such provision to other persons or circumstances, shall not be affected thereby.

"On page 28, strike out lines 1 and 2, and insert in lieu thereof the following: 'Titles I–VII of this act may be cited as "The Defense Production Act of 1950."'

"On page 28, in the Table of Contents, after 'Title VII. General provisions,' insert 'Title VIII. Subversive Activities Control Act, 1950.'

"On page 66, line 8, strike out 'As used in this act—' and insert in lieu thereof 'As used in titles I–VII of this act—.'

"On page 68, line 15, after 'provisions' insert 'of titles I–VII.'

"On page 68, line 24, strike out 'this act is in effect' and insert in lieu thereof 'titles I–VII of this act are in effect.'

"On page 74, line 4, after 'under' insert 'titles I–VII of.'

"On page 74, line 9, after 'authority' insert 'of titles I–VII.'

"On page 82, strike out line 8, and insert in lieu thereof the following: 'SEC. 716. Titles I–VII of this act and all authority conferred there-'"

EXHIBIT 3

NEW YORK, *August 17, 1950.*

Hon. JOHN W. MCCORMACK,
House Office Building,
Washington, D. C.

DEAR CONGRESSMAN MCCORMACK: I am writing to you as the majority leader of the House of Representatives to urge the immediate enactment of a comprehensive law for the control of Communist subversive activities in this country. I am sending identical letters to your colleagues, the Honorable JOSEPH W. MARTIN, JR., House minority leader; the Honorable SCOTT W. LUCAS, Senate majority leader; and the Honorable KENNETH S. WHERRY, Senate minority whip.

I am writing to you from an intimate knowledge of communism and Communists, a knowledge gained over a period of more than 30 years of unhappy contacts with the Communist movement and many of its leaders, both in the labor movement and in public life.

The immediate need for such legislation cannot be overstressed. While I deny the ill-founded assertion, often made, that there is public hysteria on the question of communism today, there is great danger that the absence of legislation under which the Government can take appropriate steps under law will lead to hysteria.

I strongly urge that such proposed legislation be incorporated in an omnibus bill, sponsored as a bipartisan measure. While Americans are fighting and dying against Communist aggression in Korea there is no time for bickering as to who will get political credit for this legislation. On the battlefield our fighting men are not divided into Republicans, Democrats, Liberals, or Conservatives. Likewise, at home, there should be no such division in or out of Congress on the question of fighting and defeating the Communist controlled fifth column.

A comprehensive bipartisan measure, such as I am proposing, should include the following elements:

1. Presdient Truman's recommendations embodied in his August 8 message to Congress. Standing alone, they are woefully inadequate. But they must be included in any comprehensive program.

2. The inclusion with the exception of section 4 (a) of the Mundt-Ferguson bill, which, among other things would require Communist and Communist-front organizations to register with the Department of Justice and would compel the Communist Party to file with that Department the names and addresses of its members and officers as well as other information, including the sources of its financial support.

Section 4 (a), commonly known as the sedition section, is a troublesome provision. For one thing, there is a great deal of division of opinion in the country over this section. If I read correctly President Truman's August 8 message to Congress, his implied criticism of the Mundt-Ferguson bill was directed mainly toward this section. Obviously, the law will be better received by the country and will be better enforced, if both the President and Congress can unite on it. The Mundt-Ferguson bill is not dependent on section 4 (a) for its effectiveness. Moreover, with the unanimous affirmance by a very able court of the convictions of the top 11 Communists in a brilliantly written opinion by Chief Judge Learned Hand, in which the court sustained the constitutionality of the Smith Act, there is no longer real need for section 4 (a).

3. The inclusion of a new section, making it unlawful for Communist candidates and the Communist Party to be on the ballot. In effect such section should provide that no person or organization which advocates or teaches the overthrow of the United States Government, or any State or local government, by force or violence, should be allowed to appear on a ballot electing Federal officers. The language, disqualifying those to be on the ballot, should be modeled after section 3 of the Smith Act.

I recognize that proposal "3" has practical limitations, for the Communist Party, as such, functions today only in a few States; in many States it carries on its work through other political organizations, such as the Progressive Party, and in New York, the American Labor Party. Everyone who has his eyes open to communism and Communists knows that they traffic in deceit and falsehood. Their political organizations are a more transparent disguise for their Kremlin-directed fifth-column activities. Without the provisions of the Mundt-Ferguson bill, this section alone would be wholly ineffectual to deal with the problem. But by adding this provision to those of the Mundt-Ferguson bill, the legislative program would squarely met the evil aimed at. Many people have often claimed, and Communists and their apologists have always capitalized on that claim, that there is an inconsistency between, say, the prosecution of the top 11 Communist leaders, or the exclusion of Communists from Government service, or the proposed registration of Communists, and the fact that the Communist Party is a legal political party, and Communists are allowed to appear on the ballot. In enacting this section, not only will a real need be met, but the last line of sophistry, used by Communist defenders, will, once and for all, be disposed of.

In proposing this omnibus law, I want to emphasize that there is not a vestige of truth in the claim that the provisions of the Mundt-Ferguson bill are antilabor. This is a false issue from beginning to end. Nor, in my opinion, would the inclusion of the Mundt-Ferguson bill, as I urged above, violate civil liberties.

The reason for immediate action is that the Communists have turned their cold war against us into an actual war. This Korean war is not one of nation against nation. It is but a single and tragic manifestation of the general war that Communists, throughout the world, including those in our own country, are waging against us as a Nation, as a people, and as a civilization. Our enemy, therefore, is communism and Communists wherever they may be, in whatever nation they are born, including our own. Russia, of course, is the motherland of all Communists. To her they owe their allegiance and from her they take their orders and directions. But that is not because it is Russia, but because it is the center of Communist power. The war against us is on a global scale. Our defenses and our strategy to meet this enemy must also be on a global scale. The fight against communism is not divisible; we cannot call upon our sons to die, resisting Communist aggression in Korea, and fail to combat Communist fifth-column activities at home.

Another fact to be recognized is that the Communists wage war against American civilization not only as a part of their program of world revolution, but also as part of a program of Russian imperialism. All the activities of Communists here and elsewhere are but tactical steps in their fight for world power. Communists plan for chaos and confusion. They plan for the breakdown and downfall of non-Communist governments everywhere. To that end the Communist movement fosters civil strife, industrial unrest, espionage, sabotage, and other similar activities.

We are often told that our historic liberties stand in the way of Congress in its efforts to destroy or even control effectively the Communist conspiracy aimed at subverting our democratic institutions and our Bill of Rights and establishing in their place a system of human slavery, ruled by terror, lawlessness, and gangsterism. We must reject this philosophy as false history, unsound constitutional law and a vapid abandonment of basic human freedoms.

Sincerely yours,

LOUIS WALDMAN.

DEFENSE PRODUCTION ACT OF 1950—LETTER FROM THE PRESIDENT

The PRESIDING OFFICER. The Chair lays before the Senate a letter from the President of the United States to the Vice President, and asks the clerk

to read it for the information of the Senate.

The legislative clerk read as follows:

THE WHITE HOUSE,
Washington, August 18, 1950.

Hon. ALBEN W. BARKLEY,
The Vice President of the United States.

DEAR MR. VICE PRESIDENT: I have been following with keen interest the progress of the defense-production bill which passed the House last week and is now being debated in the Senate. As matters now stand, I am much concerned about the outcome.

Two things seem to be happening. First, the powers for which I asked on July 19, in order to meet the immediate situation, are being whittled down in certain important respects. Second, it appears that the price and wage controls which the Congress proposes to add, may be so circumscribed by a host of detailed limitations and provisos as to confuse and hamper administration should it become necessary to invoke them.

It would be tragic if the Congress were to reject controls we need right now, while voting stand-by measures which could neither do the current job, nor be applied successfully to the contingencies which may arise.

Our chief problem now is to increase defense production, in an economy already running close to capacity, without bringing on inflation. Our aim should be to check inflation at its source. The production aids and credit controls which I have recommended to the Congress are vital for this purpose.

But these powers may not be granted in full. Control of commodity speculation, for example, has now been dropped from both Senate and House bills. Control over credit on existing housing has also been eliminated. Amendments now pending in the Senate would weaken the production features of the legislation. Actions of this sort tend to weaken the effectiveness of the whole program and bring us closer to the day when we might have to clamp down general price and wage controls.

If that were to happen we could ill afford to have an unworkable law on the books. Yet that is just what threatens to occur. In the course of debate on the bill, the Senate has been flooded with amendments to the price-wage provisions reported by the Banking and Currency Committee. These provisions were generally sound and workable, providing a flexible framework for whatever action might be required under future conditions. Unfortunately, some of the amendments offered from the floor are intended to assure some special treatment or privilege for a particular industry or commodity. Paradoxically, many of these provisos are carbon copies of amendments added to the last price-control law in 1945 and 1946, in order to relax controls, as we neared the time of their final removal.

I am keenly aware of the difficulties which have confronted the Congress in attempting to speed action on this complex legislation. I know of the hard work and careful thought which the Banking and Currency Committee has put into preparation of the bill now before the Senate. I would not wish for a moment to detract from the caliber of the over-all result. It would undoubtedly be useful to have stand-by powers which were broad enough and flexible enough to work in any situation which might arise. But if many of these amendments are added to the Senate bill, its price-wage provisions will fail completely to meet that description. The enactment of inflexible, patchwork price controls would be a dangerous deception.

Therefore, it is my earnest hope that the Senate will reject the numerous special-purpose amendments proposed for the price control provisions of the bill. I would also urge strongly that the Senate approve the full range of powers recommended on July 19.

Very sincerely yours,

HARRY S. TRUMAN.

The PRESIDING OFFICER. The letter will lie on the table.

DEVELOPMENT OF RIVER RESOURCES

Mr. MORSE. Mr. President, before I discuss the road bill, I wish to make a few brief remarks on another problem, namely, that of working out in the Pacific Northwest a sound, coordinated program between and among the various agencies of government, Federal and State, in connection with the development of our river resources.

I happen to hold to the view that it is very important that there be worked out in the very near future a coordinated program for the administration of the various projects which are being built and will be built by the use of Federal funds in connection with the development of power, irrigation, and reclamation projects.

However, I have always held to the point of view that these developments should take place within the concept of the free-enterprise system. I have always held to the point of view that the development of electric power in the Pacific Northwest should take place on the basis of a satisfactory working arrangement with the private utilities, leaving to the people in the respective communities and areas and regions the determinative power of deciding whether or not they are to be served by private utilities or by public-utility districts.

We have made great progress in the Pacific Northwest since the consummation of the so-called Tacoma agreement, which was an agreement entered into by representatives of Federal agencies and the private utilities. In my opinion it has formed the basis for a working agreement between the Federal Government and the private utilities, although much still needs to be done in perfecting the program. It, of course, all has a direct relationship to the whole problem of the type of organization which should be set up to administer these projects, whether it should be done by way of a CVA, or whether it should be done by way of a program which carries out the recommendations of the Hoover Commission, strengthened by a governmental corporation established under an interstate compact in accordance with the purposes of the interstate compact section of the Constitution of the United States.

It has always been the position of the junior Senator from Oregon that the final decision as to the type of service the consumer is to receive in the distribution of power should be determined by the consumers in the area concerned. It has also been his position that the best way to coordinate the administration of agencies in charge of such activities is by the adoption of the major recommendations of the Hoover Commission, plus the creation of a governmental corporation under an interstate compact, keeping in mind that any administrative set-up should guarantee to the people of the States in the Pacific Northwest a voting voice in determining their representations on the governing board, or the board of directors, and thereby an active voice in determining the administrative policies of such an administrative organization.

I cannot strees that point too strongly, Mr. President, because I believe it goes to the heart of my objections to a CVA, at least it goes to the heart of the pending CVA bill, because I can never agree to give to three Presidential appointees the arbitrary, discretionary power which that bill vests in them over the economic life of the Pacific Northwest.

There is always a danger, when such a controversy arises as that which is being developed as a result of the CVA proposal, that men will overlook the fact that after all, some coordination of these developments is needed in the interest of efficiency, in the interest of economy, and in the interest of developing to the maximum extent possible the resources of the great rivers concerned.

However, throughout the controversy, as it has been waged to date, I have noted a great many cool heads that have not taken a blind partisan attitude in regard to the subject, on either side of the issue, men within the private utilities, as well as men within Federal Government agencies who are strong for CVA, as well as men not connected either with the private utilities or with the Government agencies, who recognize that there is a common denominator in this discussion, that there is a common major premise upon which agreement should be reached, and that is the need for a coordination of the various State and Federal agencies which have a jurisdictional interest in the development of these rivers. Among such men is Thomas W. Delzell, chairman of the board of the Portland General Electric Co., a man with whom I have had several conversations concerning his views as to the type of program toward which he thinks we ought to work. Although I do not agree with Mr. Delzell on some details, I want to say on the floor of the Senate today that I have always recognized in him a man who is trying to make a fair approach to this whole prob-

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, another letter which I received from Mr. Baldock, State highway engineer of Oregon, under date of March 15, 1950, including a statement he made under date of March 14 on the whole question of highway development. The heading of the statement is as follows:

Statement of R. H. Baldock, State highway engineer of Oregon, member, executive committee of the American Association of State Highway Officials, before the Committee on Public Works, House of Representatives, concerning a Federal-Aid Highway Act of 1950, March 14, 1950.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

AMERICAN ASSOCIATION OF STATE HIGHWAY OFFICIALS,
Washington, D. C., March 15, 1950.

The Honorable WAYNE MORSE,
Member of Congress,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR MORSE: This is the year for the passage of additional Federal road authorizations. Pursuant to recent conversation with your secretary, I am attaching hereto the statement I made before the Committee on Public Works of the House of Representatives concerning H. R. 7398, otherwise known as the House 1950 road bill. I am likewise attaching a copy of this bill.

Briefly, the 1944 legislation provided for the building of Federal-aid highways in accordance with the following schedule:

Primary Federal-aid highways	$225,000,000
Secondary Federal-aid highways	150,000,000
Urban Federal-aid highways	125,000,000
Total	500,000,000

In 1948 these amounts were reduced as follows:

Primary Federal-aid highways	$202,500,000
Secondary Federal-aid highways	135,000,000
Urban Federal-aid highways	112,500,000
Total	450,000,000

H. R. 7398 proposes the same amounts for the primary, secondary, and urban systems as provided in 1944, with the addition of $70,000,000 earmarked for the interstate system, or a total of $570,000,000. The American Association of State Highway Officials has recommended to the Congress the adoption of legislation authorizing the following amounts:

Interstate system	$210,000,000
Primary system	270,000,000
Secondary system	180,000,000
Urban system	150,000,000
Total	810,000,000

Supporting data for the need of replacing the depreciated facilities of the highway plant are given in the statement which I made before the House committee.

There is probably no matter before the Congress that more affects the well being of the American economy than this road bill.

Last year there was introduced in the Senate several bills providing for a tertiary, or third-order, Federal system of roads local in character. I have taken occasion in this presentation to point out the fallacy of such action. Although provision for a tertiary system of roads is not made in the House bill, it is probable that it may appear in the Senate version and will possibly necessitate conference between the Senate and the House before the final enactment of road legislation this session.

I would appreciate your support in the enactment of legislation in the Senate comparable to the bill now in the House, with additional authorizations, if possible, to bring the total funds up to those recommended by the American Association of State Highway Officials.

I am sorry that you were out of Washington while I was here, but I will look forward to seeing you when the hearings on the road bill come up before the Senate, if I can possibly return. If you agree with my analysis of the situation, perhaps you might try to persuade Senator CHAVEZ, chairman of the Senate Committee on Public Works, to enact Federal legislation in the Senate comparable to the House bill.

Permit me to wish you every success in your continued service as Senator from the great State of Oregon. You have filled that position with ability and distinction.

Sincerely yours,

R. H. BALDOCK,
State Highway Engineer.

STATEMENT OF R. H. BALDOCK, STATE HIGHWAY ENGINEER OF OREGON, MEMBER, EXECUTIVE COMMITTEE OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY OFFICIALS BEFORE THE COMMITTEE ON PUBLIC WORKS, HOUSE OF REPRESENTATIVES, CONCERNING A FEDERAL AID HIGHWAY ACT OF 1950, MARCH 14, 1950

Mr. Chairman and gentlemen of the committee, the American Association of State Highway Officials has submitted to you recomendations on continuing road legislation. Your action on them, together with your authorizations of funds for at least another 2-year period is needed at this time to afford the States a basis on which to continue their planning of needed highway improvement in an orderly manner.

Quoting from the Fortune Magazine of November 1949, "The $35,000,000,000 highway plant generates annual income in excess of $30,000,000,000. It is the best investment that the United States ever made. Today the highway plant needs renewal and enlargement. The bill will run into billions—relatively cheap billions, considering what is at stake. One-seventh of United States business lives off the highway, and all United States business sells to that seventh. Road conditions enter into all business costs through their effect on freight charges, and mobility of labor and customers."

Back in 1943, this association recommended an expenditure of not less than $3,000,000,000 a year for 20 years. Last year the expenditure was about $1,500,000,000, or about one-half the amount needed, yet last year's expenditure was the largest ever made.

Now, there are some 3,300,000 miles of roads and streets in the United States, of which about 600,000 miles are on the Federal-aid system. Of the 600,000 miles, about 38,000 miles, comprising the interstate system or about 1 percent of the total mileage, carry about 20 percent of the rural traffic, and the total mileage of Federal-aid roads, about 18 percent of the total mileage, carry 87 percent of the traffic, leaving only about 13 percent of the traffic carried by the remaining 2,700,000 miles of roads and streets not on the Federal-aid system.

The interstate system of highways which, as I have said, carries approximately 20 percent of all the rural traffic is "the main street of America." It ties together the major cities of the Nation and forms a truly national system of highways; a system which comprises the most important roads which are vital to the Nation's economy both in peacetime and in wartime. On account of the national importance of this system, the Federal-aid matching ratio should, we believe, be changed from a 50–50 basis to a 75–25 basis; the Federal Government assuming a larger share of the cost of this interstate system than it does of the costs of the primary and secondary systems. We further recommend that a substantial amount of Federal funds be earmarked each year for the purpose of building the interstate highway system. We believe that an apportionment of these funds among the States on the basis of population alone and without consideration of area and post-road mileage would be equitable. The primary Federal-aid system, comprising, as it does, the general, all-purpose, principal roads which tie together the cities and the counties is next in importance. The roads in this system have not only demonstrated their importance in peacetime, but have proved themselves to be essential to the wartime economy of this Nation. These primary Federal-aid roads, together with the feeder roads and farm-to-market roads which comprise the secondary Federal-aid system, carry about 87 percent of the Nation's traffic.

Fortune magazine points out the obsolescence of the highway plant. The Bureau of Public Roads has determined that the needs of the interstate system alone amount to no less than $11,000,000,000. The American Association of State Highway Officials has determined the needs of all highways during the next 20 years to be not less than $60,000,000,000. Senator O'MAHONEY, Chairman of the Joint Economic Committee of Congress, has announced that the correction of present deficiencies on State highway systems will cost $23,000,000,000.

This report of the Joint Economic Committee of Congress, prepared with cooperation of the Bureau of Public Roads and the State highway departments, and entitled "Highways and the Nation's Economy," presents a measure of the work to be done in bringing the Nation's road systems to proper standards of efficiency. It supports the axiom that people pay for good roads whether they get them or not. "The people of the Nation receive the benefits of economical transportation in lowered transportation costs of the goods and services they produce and consume," the report points out, "or they pay the added cost of deficient highways in higher transportation and consumer costs."

The report compares current highway construction with prewar accomplishment and concludes that with the construction dollar now valued at 54 cents, compared with the 1930 dollar, it is necessary to spend nearly twice as much money today to equal the 1930 construction peak expenditure of $1,505,000,000. Dollar value of all highway construction in the United States in 1948, with and without Federal aid, totaled $1,569,000,000.

Annual construction expenditure in 1936, the report shows, amounted to 1.8 mills per gross ton mile of vehicle travel, whereas, the 1948 expenditure was equivalent to only 0.86 of the 1936 mill per gross ton mile. The report also states that 0.6 percent of the total national expenditures for goods and services was spent for street and highway construction in 1948, which was less than half the 1929–36 rate.

In studying the impact of highways on the national economy, the report takes notes of the fact that more than 9,000,000 persons are employed directly or indirectly in highway transportation industries; that many businesses depend solely on patronage of the motorist; that almost all commodities are transported at least partially by motor truck.

"Small savings to individual highway users through road improvements can have a large effect on our economy," the report states. "An average saving of 1 cent a mile due to savings in time and the cost of motor-vehicle operation on the 400,000,000,000 vehicle-miles of travel in 1948 would amount to $4,000,000,000 per year. * * * Operating cost of the average passenger car in the prewar period was reduced approximately 1 cent per mile by traveling on a gravel road as compared to a dirt road, and approximately 1 cent per mile by traveling on a bituminous

or concrete paved highway as compared to a gravel road." Economic benefits of highway improvements were cited also in reduction of accidents.

The normal life of a first-class highway is regarded to be from 20 to 30 years. Much of the more important mileage representing the more heavily traveled roads was built in the twenties, and, therefore, much of the road mileage is wearing out all at once. Failure to restore the critical deficiencies with current income has brought about a truly serious problem and has increased maintenance costs to an alarming extent. Maintenance is unavoidable. Unless highway income is increased there soon will be no money for new construction.

It has been proposed to set up a tertiary or third structure of Federal-aid roads under the cry of "taking the farmer out of the mud." As long as the moneys available for highways continue, as at present, far below the amounts needed, it would appear obvious that such funds as are available should be expended where they are most needed and where the expenditure will create the greatest benefits to the people. Expenditures on primary and secondary highways under present conditions yield far greater benefits than do expenditures on roads of lower classification; therefore, whatever additional funds can be made available for roads should be expended on the primary and secondary Federal-aid systems.

An attempt to relieve those benefited by land-service roads of land taxes and to substitute therefor general taxes on all the people, to be matched by road-user taxes, is not economically sound. Such action operates to increase the tendency of the people to lean upon the Federal Government for all manner of things, so that the people will more or less lose sight of the fact that the people must support the Government, not the Government support the people.

The Government's interest in these low-class roads is certainly of questionable propriety. The Government should concern itself with the main trunk highways particularly the interstate system which ties the States together and which has proved to be absolutely necessary in the defense of the Nation, and the Federal Government should not interest itself in these third-order roads which should be the responsibility of the landowner.

The present Federal Highway Act is based upon agreement between the Federal Government and the autonomous States. It has worked out remarkably well in the past 30 years and it should be continued. Additional Federal funds should be earmarked for the building of the interstate system and additional Federal funds should be provided for the restoration of the depreciated primary highway facilities. Failure to provide these funds for this greatly needed work would be a severe blow to the entire economy of the Nation. Failure to carry on the restoration of the depreciated highway facilities has already brought about a grave and serious problem, and the economic expansion of the entire Nation has been retarded. It is certainly no time, when funds are so greatly needed for the roads of major importance, to even talk of Federal expenditures on low-class roads. First things should come first.

H. R. 7398, now under consideration by your committee, embraces the essential principles recommended by our association, but does not provide the authorizations for the needed capital investment in the Nation's highway system and we therefore pray your favorable consideration for an increase in the authorizations to the total amounts recommended by our association, as follows:

1. Interstate system	$210,000,000
2. Primary system	270,000,000
3. Secondary system	180,000,000
4. Urban system	150,000,000
Total	810,000,000

Mr. MORSE. Mr. President, I close with a very brief summary.

My argument covers two main points. First, I differ with the committee on the question of policy as to the use of Federal-aid funds for the construction of country roads.

Second, setting aside for the sake of argument our difference over policy, I take the position that the language of the bill on page 13, to which I have taken exception, results in the Senate of the United States exercising a discretion over the expenditure of funds in States when the State highway officials of the States are much better qualified to make proper expenditures of the funds because of their better knowledge and understanding of State highway problems. I think, Mr. President, we should not set ourselves up as the determiners of how State highway officials should spend highway funds.

A third point of my argument is that I think the committee, between now and next Tuesday, in view of the very sound argument which the State highway commissioner has communicated to me and which I have tried to make available to the Members of the Senate, should try to work out some language in the bill which will permit the States that want to use the $150,000,000 provided in the bill for country roads, to do so if they care to. But we should not place a requirement upon State highway commissioners to spend the money in that way if, in the opinion of those highway commissioners, the economy of the State would be best served by using the money on primary and secondary roads.

That is the burden of my argument, Mr. President. I shall wait with interest for an answer to it, but up to this time all I have heard with respect to it is that this particular section is needed to benefit the farmers of America. I am willing to leave it to the State highway authorities of the respective States to determine for themselves what is needed to benefit the farmers of their respective States with regard to highway construction. I think we are making a great mistake to pass a bill which contains language providing that highway commissioners, who have urged many Senators to support the Lodge-Saltonstall amendment, are practically compelled to spend money on country roads when the money could best be spent on primary and secondary roads. In other words, Mr. President, I say, once again, that the junior Senator from Oregon is protesting against the exercise of arbitrary discretion on the part of governmental officials, even when, in this instance, he believes those Government officials happen to be Members of the United States Senate.

DEFENSE PRODUCTION ACT OF 1950

Mr. HUMPHREY. Mr. President, I wish to address a few questions to the distinguished chairman of the Banking and Currency Committee in reference to the Defense Production Act of 1950, and, in particular, with reference to section 302 of that bill, in order to receive from the chairman of the committee his interpretation of the language as provided in that section.

The first question I should like to ask the distinguished chairman of the committee is as follows:

Is it the opinion of the members of the committee, namely, the Banking and Currency Committee, that the Defense Production Act loan provision as outlined in section 302 would provide Federal loans for the purpose of the development of the iron-ore resources, such as taconite, within the United States?

Mr. MAYBANK. Mr. President, I should like to answer my friend from Minnesota by saying that we considered his bill, and it was the contention of the majority of the committee that it would do so. In considering the bill we thought that the authorization of $2,000,000 would give the President the powers to which the distinguished Senator from Minnesota has referred.

Mr. HUMPHREY. Mr. President, I have introduced a bill, S. 3949, which pertains specifically to loans for the development of taconite and other iron ore resources for low-grade iron ore production, and I have discussed it with the chairman of the committee as well as other members of the committee.

Mr. MAYBANK. The committee considered the bill and they thought that if we acted on it, other bills would be introduced pertaining to other types of metals. It was the judgment of the majority—and I am perfectly frank to admit that some members opposed it—that the provision in the pending bill should be adopted.

Mr. HUMPHREY. As I understand section 302, it would make it possible to make loans for this purpose under the broad language of the section.

Mr. MAYBANK. That was my understanding, and it was the understanding of the majority of the members of the committee. Some of the members were opposed to it.

Mr. HUMPHREY. Mr. President, the next question I should like to ask of the able chairman is: In the opinion of the members of the committee should loans for the development of taconite be less reasonable and liberal than the loan policy of the Export-Import Bank, or should they be just as liberal?

Mr. MAYBANK. Mr. President, that is a rather hard question to answer. However, I think to our own people in Minnesota and in the Great Lakes-Lake Superior area, and in the area from which the Senator comes, loans should be more liberal.

Mr. HUMPHREY. The reason I asked the question, Mr. President, is because in checking through the Export-Import Bank loan provisions I found language such as this——

Mr. MAYBANK. I am not speaking for the committee, but I listened to the taconite hearings and I saw the professor from the University of Minnesota, and I believe the American Government could be more liberal in construing loans under that section than Export-Import Bank loans that have been made.

Mr. HUMPHREY. I am grateful to the chairman for his answer. I wish to point out a specific example.

Loan No. 310. The purpose of the loan was made to provide iron ore for the British war effort and to develop

Brazilian mining industry. The terms: Payable in 22 years. Interest and principal are payable solely from the operation of the mine and financed by the loan.

All the Senator from Minnesota wanted to do was to get into the RECORD a comparison between what we do under the Export-Import Bank loan provisions, and what we can or should do under our domestic program. It is the purpose of the junior Senator from Minnestota to encourage upon the part of the Government a reasonable loan policy to develop the taconite, which is one of the great strategic metal resources of our country in case of a national emergency such as that in which we are now involved.

My third and final question to my friend, the chairman of the committee is: Does the Defense Production Act of 1950 provide sufficient authority for an administrative agency to establish a loan policy which would accomplish the aims of S. 3949 in the development of taconite and other essential minerals?

Mr. MAYBANK. Mr. President, I can only say that if the bill that comes from the Committee on Banking and Currency is approved as it was written by the committee, and if the item of $2,000,000,000 is retained in the bill, the President would have the right to establish such a policy, or the President would have the right to appoint an agency to do it. Of course we cannot tell what will be done by the Senate. We are hopeful the provision will be left in the bill.

Mr. HUMPHREY. As it is now written the authority would be contained in the bill.

Mr. MAYBANK. That is my understanding.

Mr. HUMPHREY. In order to add further to the legislative history, and not take the time of the Senate, I should like to ask unanimous consent to have a copy of a letter written to the able chairman of the Committee on Banking and Currency on July 26, incorporated in the RECORD, at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

The following is a letter written to the Honorable BURNET MAYBANK, chairman, Senate Banking and Currency Committee by Senator HUBERT H. HUMPHREY, Democrat of Minnesota, regarding S. 3936, the Defense Production Act of 1950:

"I am writing you this letter in connection with S. 3936, the Defense Production Act of 1950, now being considered by your committee. The bill provides for the allocation of scarce commodities under a priority system as well as other policies related to the problem of national defense which we face. I write you in connection with the necessity to expand iron and steel supplies and the relationship that problem has to a bill I recently introduced, S. 3949, to provide for the development of taconite and other strategic minerals. This is a companion bill to a proposal introduced by Representative BLATNIK in the House of Representatives on May 15.

"Title III of S. 3936, the bill you are now considering, authorizes the President to purchase for the use of our Government for storage or for resale any minerals, metals, or raw materials needed to increase the supply of essential supplies. The most important strategic material in the United States is iron ore. Iron and steel are basic to all heavy industry, whether these industries are engaged in the war effort or in peace production. It is fully understandable, therefore, that the need for guaranteeing an adequate supply of iron and steel is one of top priority.

"The Mesabi iron range in the State of Minnesota produces approximately three-fourths of all iron ore in America. I have had many opportunities to become familiar with the iron and steel industries. I know from personal experience and investigation that we face a most serious problem in iron and steel.

"At the present time we in the United States use our iron ore at the rate of 80,000,000 tons per year. In 1948 we in the United States used 84,700,000 tons of iron ore. There is no doubt that in times of national emergency we need at least 100,000,000 tons per year.

"The Great Lakes area has furnished more than 85 percent of our iron-ore needs durnig the past 50 years. The Mesbia iron range has provided about 75 percent of all iron ore. In 1948, to use that year again as an example, the Mesabi Range provided 62,000,000 tons of iron ore out of a total ore production of 84,700,000 tons.

"Proof seems incontrovertible that the high-grade iron ore of the Mesabi Range is fast being depleted. I am informed that according to official estimates made in 1946, there was only 1,200,000,000 tons of iron ore left in the Great Lakes area, and of that only 900,000,000 tons of iron ore was located in the Mesabi Range. In this connection, the United States Bureau of Mines reports that the Great Lakes iron-ore reserves will be exhausted by 1960 if our ore is used at the present rate of consumption. To the extent that the United States becomes involved in further refense preparations and requires an all-out production effort, this rate may well be accelerated.

"The importance of taconite, therefore, is quite apparent. The northern part of our State of Minnesota possesses a dense siliceous rock known as taconite. The Bureau of Mines estimates that there is enough taconite in northern Minnesota to supply our iron needs for a thousand years if it can be developed commercially.

"With this problem in mind, I introduced on July 20th my bill, S. 3949, which would provide 30-year loans to private firms to develop taconite and other strategic materials. I believe, in view of the recent international crisis, the provisions of my bill might appropriately be included as an amendment to the National Defense Act of 1950, S. 3936, which you are now considering, and it is with this in mind that I write this letter.

"Taconite ore was first made into a commercial product in 1922. It is a hard rock composed of 20 to 30 percent pure iron. To process this rock it is necessary, first, to blast the ore loose, crush it into a fine powder, wash out the silicate and then pelletize it. These pellets contain about 60 percent pure iron, and they can then be utilized by blast furnaces in the same way as regular iron ore is processed.

"Taconite production differs from regular open-pit mining in that it is an industrial process rather than a strictly mining process. It is a more complicated process and involves six times as much manpower and more machinery than ordinary open-pit mining. It also requires heavier capital expenditures as an investment. Thus, whereas open-pit mining would require a capital expenditure of between $3 to $5 per ton of output, the production of taconite requires a capital investment of $20 per ton.

"For these reasons, taconite has never been able to compete with high-grade ore. To promote its production requires that the Federal Government provide liberal long-term loans to mining companies. Experiments undertaken at the University of Minnesota and elsewhere indicate that refinements and changes have taken place and can take place in the processing of taconite to further reduce its production costs to a price which would approximate that of other types of iron ore.

"An amendment to your bill, S. 3936, it seems to me, would be quite appropriate and quite urgent. Without such an amendment, adopting the language of my bill, S. 3949, the bill you are now considering, S. 3936, would, in my opinion, not fulfill the need we face today. S. 3936 does not specifically define what minerals are considered strategic. Furthermore, in view of the long-term nature of taconite development, loans of 30 years maturity are required. S. 3936 does not spell out the terms of the loans. Furthermore, for the full utilization of taconite, new transportation facilities are required. Loans should be authorized, therefore, for the construction of new transportation facilities required in the production of taconite.

"It seems very clear to me that the welfare of our Nation calls for the development of added mineral resources and that taconite production must be an essential part of such a program. It is for this reason I urge your committee to consider the amendment to your bill which I suggest, namely, which would define taconite as a strategic mineral and authorize loans of 30 years' maturity for taconite development. This would provide new sources for iron and steel. I urge your favorable consideration of this proposal."

Mr. HUMPHREY. Mr. President, I should also like to have incorporated in the RECORD at this point as a part of my remarks a letter which W. Stuart Symington, Chairman of the National Security Resources Board, wrote to the chairman of the Committee on Banking and Currency. It pertains to S. 3949 and it refers to the Defense Production Act of 1950.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,
NATIONAL SECURITY RESOURCES BOARD,
Washington, D. C., August 7, 1950.

The Honorable BURNET R. MAYBANK,
Chairman, Committee on Banking and Currency,
United States Senate,
Washington, D. C.

DEAR MR. CHAIRMAN: This is in reply to the request of your committee for the opinion of the Resources Board on S. 3943 and S. 3949, bills to promote the development, production, and utilization of taconite and other minerals advantageous to the national defense and valuable to the national economy.

It is our belief that the provisions of the proposed Defense Production Act of 1950 (S. 3936) now under consideration by Congress would authorize all of the assistance to private mineral enterprises proposed by these bills and would have the added advantages of authorizing similar assistance for other raw materials and of permitting greater flexibility in operations.

The Bureau of the Budget has advised that there is no objection to the submission of this report.

Sincerely,

W. STUART SYMINGTON.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to incorporate in the body of the RECORD at this point in my remarks an editorial entitled, "Report Stresses State Need of Taconite Development," published in the St. Paul Pioneer Press on August 7, 1950.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

REPORT STRESSES STATE NEED OF TACONITE DEVELOPMENT

Although Minnesota has no monopoly on iron ore and its dominance in the field is declining, the State can withstand outside competition if cost of low grade ore production can be kept low.

Five State legislators reached these conclusions in an 82-page report which will be submitted this morning to the legislative research committee at a meeting in the capitol.

The subcommittee on labor, industry, and commerce—headed by Senator Thomas P. Welch, of Buffalo—was ordered specifically by the 1949 legislature to "make a study of iron ore deposits that are or might be competitive with the Minnesota iron ore deposits, including fields in Labrador, Greenland, and South America, and their availability to market."

The report concludes the best estimate is that foreign ores will be used in the future together with beneficiated—concentrated—Minnesota ores of lower grade.

Foreign ores, according to the report, will come mainly from Canada, Labrador, Newfoundland, Latin America, Africa, and Scandinavia.

PROMISING DEPOSITS

The recently discovered Venezuelan deposits are considered in many quarters, the report says, to be the most promising in both quality and quantity and as well as availability to the United States. The legislators point out, however, that wartime hazards complicate ore shipments overseas.

As far as the Labrador and eastern Canada deposits are concerned, availability of those ores during wartime will depend to a great extent on whether the proposed St. Lawrence seaway is in use, the legislators predict.

The report emphasizes that Minnesota iron ore production is beginning to feel the strain of the herculean task of providing most of the ore consumed in this country for more than half a century—including two world wars. It has run as high as 80 percent some years.

The report forsees the end of high-grade Minnesota ores in the not-very-distant future, some estimate by 1970, but does not predict the end of the industry if low-grade ores can be utilized.

"There are too many variable factors," the report explains, "to permit accurate predictions of how long the high-grade ores will last in Minnesota. The exact date of exhaustion is not very important—the significant fact is that Minnesota's iron-mining industry will have to make major adjustments in order to continue to compete with ores from outside the State."

WON'T RELOCATE

The report indicates that steelmakers won't make drastic changes in location of blast furnaces because it is cheaper to ship ore to the steel centers than it is to ship other necessary ingredients—primarily coke and limestone. Those ingredients are plentiful in the major steel-center areas, located mostly on the Great Lakes.

"As the reserves of high-grade ores in Minnesota decline," the subcommittee says, "it is expected that more and more attention will be devoted to developing low-grade ores including taconite.

"More beneficiated iron ore is shipped from Minnesota than from any other State, but beneficiation is on the increase in other States as well as in Minnesota."

Mr. HUMPHREY. Mr. President, I ask that a letter from the St. Paul Association of Commerce, signed by Mr. M. W. Thompson, dated August 7, 1950, be printed in the RECORD at this point as a part of my remarks. The letter pertains to the entire problem as outlined in the Defense Production Act. The letter presents several recommendations which should be of interest in the consideration of this legislation insofar as it pertains to controls, allocations, and priorities. I think it is a very constructive letter.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

ST. PAUL ASSOCIATION OF COMMERCE,
St. Paul, Minn., August 7, 1950.

HON. HUBERT H. HUMPHREY,
Senator from Minnesota,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: We note that price control legislation is under very active consideration at the presnt time, and action may be taken within the next few days. We, therefore, submit the following views of St. Paul retailers to you in connection with these probable price control laws. We respectfully ask your consideration regarding the same.

1. No action should be taken on price control and wage control until public hearings have been held. The subject is too important to be passed without the public being given a chance to be heard.

2. If price and wage controls are found to be necessary, then the following should be included in any legislation:

A. Price-control legislation shall recognize the necessity of controlling simultaneously all the elements of cost entering into the seller's price, including raw materials, agricultural commodities, wages, and transportation costs.

B. The method of controlling prices shall conform to the historical practice and experience of the individual seller.

C. Prior to the issuance of any price-control regulations, the controlling governmental agency shall be required to consult fully and effectively with representatives of the industry affected; the respective industry or trade association representing it shall have the right to select representatives of their own choosing for this purpose.

D. Such legislation shall provide for the setting up of a joint congressional committee to act in effect as a legislative court of last resort.

E. In the case of any roll-back in prices, due consideration shall be given to the time lag between manufacturing, wholesaling and retail prices, and equitable machinery set up to correct abnormalities and hardships resulting from any such roll-back.

Yours very sincerely,
M. W. THOMPSON,
Retail Secretary.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have incorporated in the RECORD at this point in my remarks a statement which I had prepared and which I had at one time hoped I would be able to have the time to deliver on the floor of the Senate.

Mr. MAYBANK. Mr. President, let me suggest to the Senator from Minnesota that we would have been glad to have him appear before the committee on his bill. The Senator was most diligent in his duties. He came and testified. We would have considered his bill except that we thought the legislation he sought was included in the bill under section 302 and under the $2,000,000,000 loan provision.

Mr. HUMPHREY. I am happy to know that the bill includes the provision. I discussed it with other members of the committee, but particularly with the chairman, and I am satisfied that section 302 does everything that I was looking forward to having done by the particular bill which I had introduced.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a statement which I issued in the form of a release. It pertains to the essential sections which I believe should constitute a defense production program, particularly as it pertains to the controls which I believe are needed in this stage of the national emergency. Most of the suggested provisions have already been incorporated in the bill as presented by the chairman of the Committee on Banking and Currency. I believe it is vitally important that the bill be passed.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUMPHREY ON CIVILIAN CONTROLS

There is one thing unmistakably clear. We must prevent price gouging, profiteering, and inflation. To do this action is needed. I support the following program and have recommended this program to the Congress.

1. The President must be given the authority to impose price ceilings immedately on basic commodities at the wholesale and producer levels. These prices must be rolled back to their level between June 15 and June 25.

2. The President must be given the authority to impose priorities, production controls, and the allocation of resources in accordance with our objective to maintain full production.

3. The President must be given the authority to impose consumer retail price ceilings to a level between June 15 and June 25.

4. The President must be given the authority to impose wage controls necessary to maintain the consumer price level.

5. The President must be given the authority to impose rationing of those consumer commodities in which shortages may take place. It may be that such rationing will not be necessary at all, but we should be prepared lest inequities take place at the expense of the American consumer.

6. The President must be given the authority to allocate manpower when necessary.

7. The Congress must act to strengthen our existing rent-control laws, extend them, and allow for recontrol whenever housing shortages exist.

8. The Congress must immediately enact a program of tax increases on individuals and corporations. Basic to such a program must be an immediate enactment of an excess profits tax to be effective as of June 25.

There is no room for profiteering in a democracy while American soldiers sacrifice themselves on the battlefield and their families sacrifice on the domestic front.

All of these proposals are necessary if we are to save ourselves from a breakdown of our economy. The cause of human freedom is at stake. The world is engaged in a great conflict of the two philosophies of life: The one—the democratic philosophy—is based upon respect for the individual and his rights as a freeman; the other philosophy—the Communist-totalitarian doctrine—is based upon the principle of force and fear where the individual is but a slave and tool of the power-crazed dictators. Sacrifice is never easy, but sacrifice in behalf of freedom is a noble work. I, for one, believe that the American people are prepared to make whatever sacrifices are necessary.

Mr. HUMPHREY. Mr. President, I wish to thank my good friend the Senator from Arkansas [Mr. FULBRIGHT] for making this time available to me. He had the claim to the floor, and he was most generous and courteous.

Mr. FULBRIGHT. Mr. President, the first item I wish to insert in the RECORD is a letter from the Comptroller General, Mr. Warren, dated August 15, 1950, addressed to me. It pertains to section 304 (a).

The PRESIDING OFFICER. Does the Senator wish to insert the letter in the body of the RECORD?

Mr. FULBRIGHT. I wish to have the letter made a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, August 15, 1950.

Hon. J. WILLIAM FULBRIGHT,
United States Senate.

MY DEAR SENATOR FULBRIGHT: In response to your recent informal request I am pleased to send you this expression of my views on the need, if any, for authority to create new Government corporations, contained in S. 3936 as introduced but stricken from the bill as reported out by the Senate Committee on Banking and Currency.

Section 302 of S. 3936 would authorize the President to provide for loans, including participation therein or guarantee thereof, to private businesses, and section 303 would authorize him to provide for purchases of raw materials for use and resale without regard to limitations of existing law, under certain broad conditions.

Section 304, as introduced, would have authorized the President to create new Government corporations when deemed appropriate by him for carrying out the purposes of sections 302 and 303. The corporations would have had the power to sue and be sued; to acquire, hold, and dispose of property; and to determine the character of and necessity for their obligations and expenditures and the manner in which they would be incurred, allowed, paid, and accounted for subject to laws, including the Government Corporation Control Act, applicable to Government corporations. They would have been financed by borrowings from the Treasury up to an aggregate of $2,000,000,000, and have succession until June 30, 1952, unless extended by Congress.

Such new corporations thus would not have been subject to accounting and audit procedures applicable to Government agencies generally. The General Accounting Office would have been powerless to prevent or collect back any expenditures which, but for the broad corporate authority, would be illegal. It could only report them to the Congress.

My views on the creation of additional Government corporations are well known. In some cases they may be necessary and valuable means of conducting the public business. But there is entirely too much disposition to start new ones, and to perpetuate old ones which are not actually needed.

Unfortunately, the use of the corporate device has been abused. It has been fastened upon as a ready contrivance to evade the disallowance power whereby the General Accounting Office, as the agent of the Congress, can collect and put back into the Treasury illegal expenditures. The importance of the disallowance power is evident from the more than $660,000,000 recovered by the General Accounting Office just in the last 10 years. Even that vast sum is comparatively small beside the untold amounts saved because of the powerful deterrent effect of the General Accounting Office audits.

Observation and experience have shown that some of the largest of questionable payments have been made by Government corporations. There was no way in the world for the General Accounting Office to recover 1 cent of those payments. The corporate charter deprived the office of its only effective means—the disallowance power—to collect them.

Some of the more significant effects of the corporate form were set forth in my letter of December 5, 1947, to Hon. CHARLES A. EATON, House of Representatives (printed at pp. 776–779 of House Rept. No. 1845, 80th Cong.). A copy of that letter is enclosd. Of course, changes have since been made both in special and general legislation dealing with corporations. But, those changes largely indicate the shaping of congressional policy toward closer supervision and control of corporations and modification, not enlargement, of the often too-broad authority they have over their own spending. It is noteworthy, also, that the more than 100 Government corporations in existence when the Government Corporation Control Act was passed in 1945 have been reduced in number by more than one-third.

It may be said as a general proposition that the corporate form for a Government instrumentality—to the extent it is free of compliance with laws applicable to other Government activities and of normal safeguards set up by the Congress to prevent and correct improper expenditures of public funds—can be justified only by the most compelling reasons or overruling public necessity. No such compelling reasons or overruling necessity have been made out for the creation of additional corporations as originally authorized by S. 3936. Indeed, I am not informed that any have even been strongly urged by proponents of the bill. Apparently the Senate Committee on Banking and Currency shares the view that the authority is not needed, since the authorization to create new corporations was eliminated from the bill when reported out by that committee.

From the foregoing, I am not aware of any reasons why the purposes of S. 3936 could not be accomplished without any new corporations. Therefore, the conclusion appears reasonable that delegation by the Congress of authority to create new corporations to carry out those purposes is not only unnecessary but undesirable at this time.

I hope that this expression of my views will be helpful to you.

Sincerely yours,
LINDSAY C. WARREN,
Comptroller General of the United States.

Mr. FULBRIGHT. The question of whether or not a new corporation should be created to carry out the functions of this bill has been one that has been debated in the committee. I therefore requested that this letter from the Comptroller General giving his views be printed in the RECORD. I think Mr. Warren has studied the question at great length and has as much information on the subject as anyone else in the Government. I recommend it highly to the attention of the Senate. I hope that the provision which was intended to prevent the formation of new corporations will be retained in the bill.

I have a copy of a letter addressed by the Comptroller General to the Honorable Charles A. Eaton, when he was chairman of the Select Committee on Foreign Aid of the House of Representatives. The letter is dated December 5, 1947. The letter goes into some detail in explaining the way Government corporations function and the extent of their powers. By way of summary and comment I should like to say that Mr. Warren feels and demonstrates that the agencies of Government can really do anything that corporations can do, but that they are subjected to much better accounting checks on the part of the Comptroller.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, December 5, 1947.

Hon. CHARLES A. EATON,
Chairman, Select Committee on Foreign Aid, House of Representatives.

MY DEAR MR. CHAIRMAN: I have your letter of November 24, referring to the investigations being carried on by your committee with respect to the organization and administration of foreign aid and recovery programs and your request for such information as is available to the General Accounting Office on the subject of Government corporations with respect to three specific questions, the first of which is as follows:

"(1) The actual significance of the use of the corporate form, from the standpoint of appropriations, expenditures, accounting, purchases, receipts, lawsuits, etc."

Of course, in the short time available it is not possible to furnish a definitive analysis and report, but it is believed the following comments will be found helpful to the committee:

1. Appropriations: It is not possible to generalize with completeness as to the actual significance of the use of the corporate form, from the standpoint of appropriations, for the reason that no consistent policy has been adopted by the Congress in financing the corporations, nor, in fact, is it necessarily true that there should be entire uniformity in this fegard. In general, however, it may be said that if the more usual form of capitalization is employed, the significant difference with respect to appropriations is that the corporation is given a lump sum in the form of capital stock or authority to borrow, with further authority to use and reuse the sum, and particularly to treat it as a revolving fund, thus permitting the reuse of receipts such as repayment of loans, receipts from the sale of goods, and the like, whereas the normal departmental rule is that income of all types (unless specially excepted) must be deposited to the general fund of the Treasury and is not reused unless appropriated by Congress. The corporation's funds need not be reappropriated; the only comparable requirement is that the over-all budget program of each wholly-owned corporation must be submitted to Congress each year.

There are exceptions both ways to this perhaps too broad generality; thus, certain corporations' expenditure-type activities are carried on under regular annual appropriations which revert to the Treasury unless obligated during the year for which the appropriation is made, while in the case of numerous departments and agencies revolving funds have been established by act of Congress. In other words, there is no necessary distinction between the corporation and the department as to appropriations, but the more frequent characteristic is that the corporation has a single revolving fund while the department operates on an annual grant of funds without the authority to reuse income or receipts.

2. Expenditures: In the matter of expenditures there is not a clear line of distinction for the reason that, while corporations

were formed largely for the reason that administrators preferred to find a method of procedure which would permit expenditures by whatever rules they, themselves, chose to adopt, this feature has not until very recent times been the subject of general congressional enactment, and it cannot be said with confidence that Congress has announced a policy with respect to expenditures of corporations as such. Instead, the approach has been to grant to certain corporation an all-inclusive authority to determine for themselves the character and necessity of their expenditures and the manner in which they shall be incurred, allowed, and paid. Where such language appears in the act chartering the corporations, there can be no question but that Congress has determined that the congressional or statutory rules otherwise directing how the public moneys shall be spent are not of their own force to apply to the corporation, but rather that the corporation shall determine for itself what methods, procedures, etc., should be employed.

Where the language as to determining the manner of expenditure, etc., does not appear in the corporate charter, the question is not at all clear. Those operating on behalf of the corporations undoubtedly would assert the right to make such determinations on the basis of the rationale for the employment of the corporate form in the first place, and there are numerous legal materials (not in the form of specific legislation or direct judicial holdings) strongly supporting that view. However, my attention has never been drawn to an act of Congress specifying that the laws of the land do not apply to Government corporations merely because they are Government corporations, and in the absence of such indication of congressional policy, I am not in a position to conclude broadly what difference, if any, there is as to expenditures where the corporate charter does not contain the language above referred to. Some distinction may be found, of course, where the restrictive statutes in terms apply only to the direct expenditure of appropriations as such.

3. Accounting: The matter of accounting is somewhat more readily describable. The accounting required of the departments spending the appropriations of the Congress follows a well-settled and long-established practice, even antedating the formation of our Government. In essence the procedure consists of "advancing" a sum appropriated to an individual officer operating with or for the department responsible for the expenditure. That officer at that time becomes technically indebted to the United States for that amount until he "accounts" for the same. This is done by the process of showing a lawful expenditure of the sum, with the result that if, in the opinion of the auditors (or, on appeal, of the Comptroller General), the expenditure is shown to have been an unlawful one, no credit is allowed for the item, the officer's indebtedness remains, and he is subject to suit therefor in the United States courts, at which stage the question of legality of the expenditure is tested judicially. The ruling of the accounting officer is binding upon the departments, but, of course, is not binding in any way upon Congress or the courts.

In recent years that procedure has been altered slightly for the civilian operations of the Government by the enactment of the Certifying Officers Act, under which the particular person responsible and accountable for the legality of the expenditure is not the fiscal officer to whom the money was advanced and who drew the check, but, rather, is the "certifying officer" who approved the payment and on whose approval the disbursing officer relied.

The result, of course, of that audit and settlement procedure is that the payments are made by the administrative officer at the risk of the subsequent disallowance by the General Accounting Office, and in the event of such disallowance, assuming its correctness, the amount is recoverable by the Government either from the payee who received it in error, or from the officer responsible for the payment, or from his surety. The audit procedure varies widely according to the circumstances and needs of the situation; that is, it may call for a voucher audit here in Washington (which may be more or less detailed), or it may be found more appropriate to make a field audit at the site of the operations. Also the audit does not necessarily call for a review of each item of expenditure; it is essential that under that plan all expenditures are at least subject to such audit.

On the other hand, the accounting required of corporations proceeds upon a somewhat different basis. In the Government corporation control acts of 1945 Congress directed for the first time that the General Accounting Office undertake annually to make a commercial, corporate type of audit of the financial transactions of all the Government corporations. Also, the Comptroller General was authorized to utilize that type of audit (in those few cases where the corporations are financed by departmental-type appropriations) for the purpose of settling the accounts of the officers to whom appropriations are advanced. A regulation has just been adopted to that effect, so that the same audit procedure will apply to corporations, whether they be financed by a capital grant or by an annual expenditure type of appropriation. The commercial, corporate type of audit comprehends an examination of the actual books and records of the agency, and a survey of its transactions on a test-check basis, leading up to a comprehensive annual report to the Congress, to the President, and to the corporation. The result, of course, is an over-all or agency-wide survey type of audit which does not necessarily call for examination of detailed transactions, but which does include the résumé of the entire function under review, its background, authority, and methods of operation.

The remaining significant difference is that the survey type of audit depends upon corrective action being taken by the management or by Congress to prevent future errors, but it does not include any independent machinery for collection back where erroneous payments are found to have been made. On the other hand, the accounting required for appropriations does not call for a survey or periodic report on the operations as a whole, but it does include the important element of control of expenditures through the power of disallowance and the specific authority for, and mechanics of, collection back where erroneous disbursements are shown to have occurred.

4. Purchases: The important distinction with respect to purchases is that created by section 9 of Public Law 600, approved August 2, 1946, when (and, as I believe, for the first time) Congress gave thorough consideration to the assorted freedom of corporation from congressional control and directed that in the single case of purchase and sale transactions the corporation should be required to follow the departmental statute as to advertising for bids, only when there is involved an item of expenditure from their administrative expense funds, which comprises a relatively minor class of transactions. In contrast, where operating expenses are involved, the corporation is not normally required by statute to advertise before purchasing; whether it shall do so is left to administrative regulation or discretion.

5. Receipts: The matter of receipts has been perhaps sufficiently covered above; to reiterate, the department normally must deposit its receipts into the general fund of the Treasury, without authority to reuse them as such, while generally the Government corporation retains its receipts in a revolving fund and may reuse them without congressional reappropriation. The only restriction in that regard would be that the expenditure somehow must be within the framework of the corporate purpose and must be within the budgetary program passed upon by Congress in the annual Government Corporation Appropriation Act, although I do not understand that this sanction would necessarily include a limitation upon the amount of money expended for any corporate program, unless adopted by specific congressional action.

6. Law suits: The matter of law suits does involve a certain distinction. Normally a Government department by itself is not suable, for the reason that the department is not an entity apart from the Government and is entitled to the immunity from suit which attaches to the sovereign. The corporation, however, is suable as such, and that distinction has been given full effect by the administrative agencies and by the courts (see *Keifer & Keifer* v. *R. F. C.* (306 U. S. 381)). To a certain extent within the past year that difference has lost significance because of the enactment of the Federal Tort Claims Act, since now that branch of litigation with respect to tort claims is covered by that act, irrespective of the prior difference characterizing the corporations. For suits under contracts the difference is not perhaps as real as it may appear to be on the surface, since, under the Tucker Act, the Government is fully suable for breeches of contracts by the departments, and since, in fact, the Government had also a number of times been held to be suable for the defaults of Government corporations. Thus, the difference is believed to be largely one of procedure and not of substantive importance.

Your second question is:

"(2) What important statutory provisions of a restrictive or exemptive nature apply to Government corporations which do not apply to other Government agencies, and correlatively what restrictive and exemptive measures apply to ordinary Government agencies which do not apply to Government corporations?"

Although freedom from general laws regulating the administration of Government departments and agencies is frequently cited as one of the principal reasons for the creation of Government corporations, in practice that freedom has varied greatly, depending on the language of the corporation's charter or other enabling legislation as well as the language of the general laws. A good many of the Government corporations have specific authority in their charters to determine and prescribe the manner in which their obligations shall be incurred and their expenses allowed and paid (RFC), sometimes specifically without regard to the provisions of any other law governing the expenditure of public funds (HOLC). In other cases such determinations are expressly made final and conclusive upon all other officers of the Government.

However, other statutes have modified such broad authority. Annual appropriation acts authorizing the expenditure of corporate funds for administrative expenses have limited the amount and specified the objects of such expenses. Also, the practice has become prevalent in some such cases of granting special authority to incur expenses for which express authority is required by general provisions of law. Such appropriation acts have even prohibited the use of corporate funds for certain purposes. Examples of these types of provisions will be found in title III of the Government Corporations Appropriations Act of 1947.

In cases where the board of directors has authority to determine the corporation's

expenses, without regard to other law, the Comptroller General has held that in the absence of the exercise of such authority the general law applied.

Most of the so-called "restrictive statutes" apply to appropriated funds, and so are claimed by the corporations not to affect nonappropriated funds of a Government corporation. Other statutes, directed at Government activities in general, may by their terms or interpretation affect the corporations. Public Law 600, Seventy-ninth Congress, approved August 2, 1946, authorizing certain administrative expenses in the Government service, applies to wholly owned Government corporations. One reason that the question as to what statutes do or do not apply to the Government corporations has not been fully settled is that until recently the General Accounting Office has had no occasion to pass on expenditures of most such corporations.

For that reason, it is not possible to answer your question definitively and in general terms; an important specific difference as to the law governing public purchasing has been explained above.

Your third question is as follows:

"(3) The distinction in foreign law between the operation on their territory of foreign-owned public corporations or their subsidiaries, as opposed to field offices of executive agencies of foreign governments."

One phase of this question—that is, whether a Government corporation may not operate abroad more conveniently and more effectively where a commingling of activities with the local governments may be required—has already been extensively covered by the report of the Committee on Foreign Affairs of the House of Representatives issued in connection with the bill to reincorporate the Institute of Inter-American Affairs (House Rept. No. 955, 80th Cong.). Another phase involves the question whether the freedom from local taxation, police regulation, customs laws, and other incidence of foreign law to which the United States would be entitled under the doctrine of sovereign immunity, may in some countries be lost where the choice is made to operate not directly as a Government operation, but indirectly through the medium of a corporation, especially so if the charter be obtained under foreign law. In the time available I am not in position to examine the question adequately, but a number of useful references on this question are found in volume II of Hackworth's Digest of International Law at pages 471, 475–487. See also the references in Judge Mack's opinion in *The Pesaro* (277 Fed. 473); Hersey, *The Immunity of Foreign States When Engaged in Commercial Enterprises: A Proposed Solution* (27 Mich. Law Rev. 751). (It may be found necessary to provide by statute, by treaty, or by Executive agreement for this immunity in carrying out the program.)

It is recognized that the foregoing discussion is not an adequate treatment of many of the questions you raise, and it is suggested a more helpful treatment definitely could be furnished if there were available specific data as to what activities the contemplated agency is planned to undertake. If I can be of further aid in the matter, particularly along the lines just suggested, please feel free to call upon me. If you prefer, it might be more effectively considered through the medium of an informal discussion with members of my staff, who, of course, would be available at your call.

Sincerely yours,

LINDSAY C. WARREN,
Comptroller General of the United States.

Mr. FULBRIGHT. Mr. President, I have submitted an amendment to S. 3936, the defense production bill, and I ask unanimous consent that the text of the amendment be printed at this point in my remarks.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

PROPOSED AMENDMENT TO S. 3936, AS REPORTED AUGUST 7, 1950, TO AUTHORIZE FEDERAL RESERVE BOARD TO PRESCRIBE REGULATIONS REGARDING REAL-ESTATE CREDIT EXTENDED OR INSURED BY THE GOVERNMENT, AS WELL AS BY PRIVATE SOURCES, BUT ONLY ON NEW CONSTRUCTION

On page 59, in line 10, strike out the words "Such regulations" and insert in lieu thereof the following:

"Such regulations may, notwithstanding any other provision of law, include provisions relating to any real-estate construction credit extended, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended. Regulations issued under this section."

On page 62, strike out lines 12 to 19, inclusive.

Mr. FULBRIGHT. Mr. President, title IV of the bill covering control of consumer and real estate credit, gives authority to the Federal Reserve Board to reimpose regulation W, governing consumer credit.

It also provides in section 602 that the Board shall have authority to prescribe regulations with respect to real-estate construction credit, including maximum loan or credit values, minimum down payments, maximum maturities, maximum amounts of credit and other related matters.

Section 602 (d) (1), page 62, lines 12 through 19, specifically provides that the term "real estate construction credit" shall not include loans made, insured, or guaranteed by any agency of the Federal Government. Thus, the powers of the Federal Reserve Board are limited to the control of conventional loans on real estate construction. The powers would not be applicable to real estate construction credit where the loans are made, insured, or guaranteed by the Government.

Section 605 of this title now provides that the President may, after consultation with the Federal Reserve Board, reduce the maximum authorized principal amounts, rations of loans to, value or cost, or maximum maturities on loans made, insured, or guaranteed by the Federal Government. It would also provide authority in the President to reduce or suspend entirely any authorized loan program of the Federal Government, upon a determination that such action is necessary in the public interest. It is specifically provided that consideration shall be given, in the exercise of these powers, to the preservation of the relative credit preferences accorded to veterans. This section authorizes restrictions of all new credit, whether new construction or existing housing.

The amendment I have submitted would provide that the authority of the Federal Reserve Board shall extend to and include real-estate construction credit, where the loan is made, guaranteed, or insured by the Federal Government. It would delete this exception to the powers of the Board in this field.

The amendment would retain in the President the power, after consultation with the Federal Reserve Board, to bring the Federal programs into line with the restrictions placed upon private lenders by the Board—whether or not their loans are guaranteed or insured by the Government. In other words, it is expected that the Board would exercise its functions by restrictions upon private lenders whether or not their loans are insured or guaranteed by the Federal Government, but that the Federal agencies would, by their regulations, restrict their maximum guaranties, maturities, and so forth, accordingly.

The authority of the President to reduce or suspend entirely any authorized loan program would be retained if in the judgment of the President, after consultation with the Federal Reserve Board, such action is necessary in the public interest. The proviso with respect to veterans' preferences would be retained.

Mr. President, at this point in my remarks I wish simply to call particular attention to the statistics and figures regarding the question of real-estate credit found on page 44 of the report on the bill, which is a very excellent report, and calls attention to the extremely serious nature of the expansion of mortgage credit. I read only an excerpt to indicate what this is about:

REAL ESTATE CREDIT CONTROL

NEED FOR CONTROL

The unrestricted continuation of real estate lending at the current rate would be a major inflationary force during the current defense period.

Outstanding mortgage debt is now more than three times as great as all outstanding consumer credit and is currently increasing at a rate about twice the rate of increase in consumer credit.

[In billions of dollars]

	Nonfarm mortgage debt	Mortgage debt on 1-to-4-family houses	Total consumer credit
1941	32.4	19.4	9.9
1949	[1] 7.0	[1] 37.4	18.8

[1] Estimated.

Expansion of mortgage credit contributes not only to the demand for labor, materials, and equipment that go into housing and other construction, but, by increasing available purchasing power, also increases the demand for all other goods. The expansion of such credit has been a necessary factor in the provision of urgently needed homes and other essential construction. However, when our now expanded defense needs are added to the current unprecedented demand for new homes and other buildings, a severe strain is being placed on the resources of the building industry and related construction materials industries. With these industries already operating at capacity new credit cannot increase the general availability of goods or facilities, but must result (as we have seen in the past few months, even before the Korean outbreak) in higher prices. Similarly, when industry operating at capacity diverts or prepares to divert a part of its production to defense uses, there will be inflationary tendencies unless other demands for its production are correspondingly decreased. Cur-

tailment of credit is an effective means for decreasing such other demands and thereby makes easier the release of manpower and critical materials for our defense needs.

The total nonfarm real estate mortgage debt outstanding at the end of 1949 was $57,000,000,000, an increase of 75 percent from the $32,400,000,000 at the end of 1941. As a matter of fact, virtually all of this increase has occurred since 1945. Over 60 percent of this debt was secured by one- to four-family homes, about 20 percent by multifamily structures, and less than 20 percent by commercial or industrial properties. Home mortgages made in the first half of 1950 amount to about $6,500,000,000 or at an annual rate of $13,000,000,000. The net increase in home mortgage debt outstanding during the first half of 1950 (after regular amortization and other repayments) was about $3,000,000,000, bringing the total outstanding on June 30 to about $40,000,000,000 or double the figure outstanding at the end of World War II.

In the first 6 months of 1950 (before the Korean outbreak) construction activity as a whole was 20 percent above 1949, and housing starts were 50 percent above 1949. Prices of building materials had climbed back almost to the postwar peak; during the single month of July, the index rose an additional 3 percent. From all indications prices of both building materials and new housing will continue to increase sharply unless adequate measures are taken promptly. The repercussions of price increases in the construction industry will be felt throughout the entire economy. We cannot maintain the present high level of construction and at the same time meet our new military commitments without running the risk of widespread and serious inflation.

Even more important than the need for avoiding inflation is the necessity for curtailing construction which takes materials and labor needed for military production. The construction industry is an important consumer of steel and other materials in short supply. It employs hundreds of thousands of skilled workers now in great demand. Curtailment of construction will result in the curtailment of demand for the great variety of commodities needed to furnish and equip new buildings, e. g., house furnishings, furniture, and equipment. Construction as usual would greatly impede the acceleration of our defense output, the immediate objective of our Nation.

Historically, high rates of investment in new construction have occurred during periods of liberal credit. Real-estate investment by its nature is usually accomplished by extensive use of long-term borrowed money. It is, therefore, an activity peculiarly sensitive to credit restrictions. Furthermore, control of credit as a device for controlling construction is more easily administered than direct limitations, priorities, and allocations. Credit control does not require elaborate administrative machinery and procedures onerous to both the Government and the public. While more direct controls may prove necessary if a drastic curtailment is required, as a practical matter they cannot be so quickly applied.

Mr. President, I desire to call to the attention of the Senate the tentative estimate by the staff of the Federal Reserve Board of loans made during the first half of 1950, on one- to four-family units, as follows:

	Billions
New housing:	
Government insured	$1.5
Conventional	1.0
Total	2.5
Old housing:	
Government insured	1.0
Conventional	3.1
Total	4.1

Of the $4,100,000,000 on old housing it is estimated that $2,800,000,000 is involved in the purchase of housing, the remainder in raising money for other purposes.

Mr. President, I think that illustrates fairly clearly the seriousness of the question of the control of mortgage credit.

The way to protect the economic system from inflation of prices is to prevent demand from becoming greater than supply. The sound way to carry on the present military effort is to have an amount of purchasing power big enough to buy all the civilian supplies available, but no bigger. Purchasing power in excess of supply inevitably leads to inflation.

In the battle against inflation, we may have to use direct measures such as price controls and rationing as well as the indirect, but more effective, measures of monetary credit and fiscal restraints. But price controls and rationing in the face of growing credit and monetary inflation can only lead to grayer and grayer markets, with evasive practices widespread. Furthermore, as we have discovered in the past few years, the direct controls do not prevent inflation if credit and monetary expansion is not prevented. Direct controls in these circumstances merely change the form of inflation and the time at which it occurs.

Limitation of inflation by monetary, credit, and fiscal means requires the combined and coordinated use of these instruments. It is not possible to rely on consumer credit regulation, on real estate credit regulation, or other credit restraints, or on fiscal measures separately. They have to be vigorously used together.

Housing starts and extensions of housing credit are by far the greatest rates in the history of the Nation. This construction, so laudable in a time of peace, cannot be continued in a time of rapidly mounting defense effort. It must be in considerable part postponed if we are to have the men and materials necessary for military production.

Even the starts which have already been made and those which inevitably will be made in the near future will provide a great inflationary factor for many months. Mortgage credit will continue to be extended to permit—provide—their completion. Immense amounts of labor and materials will be involved. Contractors are frantically scraping the bottom of the barrel to accumulate the materials to finish these houses. Until it is clear that the men and materials are available to complete these houses, the inflationary pressures should not be increased by starting further houses. Certainly the Government should not positively sponsor the starting of new construction until such policy will not be conducive to inflation. Yet the Government agencies by their policies are still stimulating housing construction.

The legislation under consideration would give the Federal Reserve Board authority to prescribe regulations with respect to real-estate credit for new construction, in order to contain its inflationary expansion and reduce building during the emergency period, but this authority would apply only to real-estate credit for new construction not made, insured, or guaranteed by the Federal Government. At the same time, the legislation would leave to Presidential discretion, after consultation with the Federal Reserve Board, the regulation of Government programs in the real-estate-mortgage field.

This approach is faulty because it divides administrative responsibility. The division of responsibility can seriously interfere with achieving the objectives of this legislation. If the credit terms permitted under the Federal programs are not restricted sufficiently, the Federal Reserve Board has the choice of going along with the Federal programs, or of tightening the terms on private credit severely. If it takes the first course, the purpose of this legislation will be frustrated. If it takes the second, borrowers and lenders outside the Federal programs are penalized or the business is driven into the Federal programs. If there is to be effective credit regulation in the field of new real-estate construction it must be a single regulation, regardless of what lenders extend the credit and whether the credit is insured, guaranteed, uninsured, or nonguaranteed.

That the Federal programs are important sources of funds for new construction is shown by the fact that over two-thirds of the rental units started in recent months have been financed with insured mortgages, and over two-fifths of the new houses sold have been financed with either FHA or GI mortgages. The terms on these mortgages are considerably more liberal than the terms on unguaranteed mortgages, permitting down payments as low as 5, 10, or 15 percent of the price, compared with 30, 35, or 40 percent in the case of mortgages made by banks, insurance companies and other lenders. Maturities run as long as 20, 25, 30 and even, in a few cases, 40 years, compared with the more conventional 12-, 15,- 18-, or 20-year terms.

This bill provides power to limit the terms of mortgage credit for new construction. But it would be futile and utterly mischievous to apply more stringent restrictions on uninsured than on insured credit. Such a procedure would simply cause the noninsured credit to dry up, and the insured credit to expand correspondingly. It would create arbitrary and unnecessary discriminations.

The essential point I am making is that there can be no effective anti-inflation regulation of real estate credit unless the terms prescribed cut across the board affecting Government-sponsored as well as other credit. Inflation control cannot be effective in one part of the field while forces of inflation are permitted to move forward unchecked, and indeed reinforced, in other parts.

Mr. President, at this late hour I merely desired to put into the RECORD these statistics, because I regard this amendment as one of the most important amendments in the whole control bill. It is one of the two features in the bill which actually is designed to have an effect upon the source of inflation rather than merely to postpone it, as control of consumer prices will do.

I hope to have an opportunity on Monday at least to summarize the effect of

these statements, when the amendment is offered.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MAYBANK. I assure my distinguished friend from Arkansas, who is a member of the Committee on Banking and Currency, that so far as I am concerned, having charge of half the time, I shall be more than happy to allow him to speak for 5 minutes on his amendment.

I appreciate what the Senator has said, and I am sure that those who read the RECORD tomorrow will understand exactly what he intends to do and what he believes should be done. I may differ with him, but he and I have always believed that we should at least have freedom of debate. As the hour is growing late, I am very appreciative of the action of the Senator in not going further, if that is agreeable to him.

Mr. FULBRIGHT. I thank the chairman of the committee very much for his courtesy. I recognize that he and the other members of the committee are familiar with the problem we are considering, and I desired particularly to get into the RECORD the explanation I have offered, as a source of information.

Mr. MAYBANK. The distinguished Senator from Arkansas is correct in assuming that we should have the information.

Mr. FULBRIGHT. I thank the Senator very much. I may say that I have another amendment printed and lying on the table, which I shall not discuss at this time. I shall defer the discussion of it until Monday.

RECESS TO MONDAY

Mr. MAYBANK. Mr. President, I ask that, in accordance with the agreement made earlier in the day, the Senate now take a recess until Monday at noon.

The PRESIDING OFFICER. Under the unanimous-consent agreement previously entered into by the Senate, the Senate will now stand in recess until 12 o'clock noon Monday next.

Thereupon (at 8 o'clock and 18 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, to Monday, August 21, 1950, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate August 18 (legislative day of July 20), 1950:

DIPLOMATIC AND FOREIGN SERVICE

Joseph Flack, of Pennsylvania, a Foreign Service officer of the class of career minister, now Ambassador Extraordinary and Plenipotentiary to Costa Rica, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Poland.

FEDERAL MARITIME BOARD

Albert W. Gastov, of California, to be a member of the Federal Maritime Board for the term expiring June 30, 1953.

IN THE AIR FORCE

The following-named persons for appointment in the United States Air Force, in the grades indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, Eighteth Congress (Officer Personnel Act of 1947), and title II, Public Law 365, Eighteth Congress (Army-Navy-Public Health Service Medical Officer Procurement Act of 1947):

To be major, USAF (medical)

Ramon F. Marchante.

To be captains, USAF (medical)

James L. Borders, AO1745310.
Michael P. Mandarino, O1725046.
Alonzo C. Tenney.
Douglas B. Wilson, AO1718242.

To be captain, USAF (dental)

Carl E. Weber, AO1755813

To be first lieutenants, USAF (dental)

Emanuel A. Carbonaro, AO965561.
Roy L. Mueller, AO1906150.

To be first lieutenant, USAF (chaplain)

Roy M. Terry, AO478833.

The following-named persons for appointment in the United States Air Force, in the grade indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, Eighteth Congress (Officer Personnel Act of 1947), and section 2, Public Law 775, Eighteth Congress (act of June 25, 1948):

To be first lieutenants

Nelson Allen, AO732694.
Eugene L. Blanck, AO1895483.
Richard A. Brown, AO822369.
William M. Burch II, AO697817.
Norman F. Carroll, O567601.
Donald C. Dickson, Jr., AO426821.
Eugene C. Frazier, AO763960.
Bernard E. Frizzie, AO427855.
Robert N. Giaimo, O1997399.
Morris J. Greenspun, AO1584297.
William D. Harlow, AO584408.
William A. Harmon, AO355469.
Horace M. Kean.
Albert R. Kuehl, AO438009.
Hugh J. Lacey, Jr., AO926572.
David H. R. Loughrie, AO821306.
Gene S. Martin, O516506.
Carl W. Milzer, AO778895.
Francis P. Murray, AO361398.
Harvey G. Odenbrett, 124433, USNR.
Daniel O'Leary, O1302700.
Leonard W. Pipkin, Jr., AO2056666.
Norman O. Ranz, AO2046412.
Leonard Reiss, AO863222.
Sydney Saxon, 298207, USNR.
Leland C. Shepard, Jr., AO801708.
Earl A. Snyder, AO874292.

The following-named persons for appointment in the United States Air Force, in the grade indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, Eighteth Congress (Officer Personnel Act of 1947):

To be second lieutenants

James O. Alderman, AO877624.
John S. Allison, AO802692.
Joseph D. Bailey, AO527693.
Herman W. Baker, AO867411.
George W. Barnes, Jr., AO777054.
Robert M. Behr, AO666610.
Charles B. Blanding, AO791324.
Franklin D. Blanton, AO669962.
Alpha R. Bond, AO874544.
Earl L. Bozeman, AO560674.
Edward J. Brisick, AO2043127.
Charles L. Brown, AO802713.
Wilton L. Colvin, AO2077205.
Frank E. Cox, AO716631.
Willis A. Cude, Jr., AO880692.
George R. Cummings, AO761895.
Henry E. Davis, AO767504.
Howard S. Davis, AO812554.
Thomas M. Esmond, AO662765.
Charles M. Evans, AO724010.
James M. Fielder, AO561005.
Max E. Frazier, AO439389.
Lowell W. Frederick, AO721687.
Frederick H. Gautschi, Jr., AO769417.
Richard F. B. Gimal, Jr., AO808481.
Joseph P. Gleason, AO806433.
Elmer K. Goodnight, AO761075.
John W. Goodrich, AO812573.
Verne D. Hale, AO813369.
Vincent F. Hamant, AO703001.
Brian T. Hastings, AO696365.
Cliff C. Hatcher III, AO743243.
Pat N. Hinson, AO661762.
William S. Holman, AO872445.
George M. Hubbard, AO587849.
James T. Jones, AO2060300.
James W. Kelly, AO861196.
William E. Kemerling, AO725743.
Welton R. King, AO775393.
Clyde H. Knapp, Jr., AO452631.
Albert R. Kondall, AO2063642.
Robert P. Kutarnia, AO1044511.
Roland E. Lee, AO2062829.
Albert S. Martin, AO767715.
Jon T. Matsuo, AO1847256.
Donald W. MacLeod, AO1051665.
Bobby R. McClure, AO2099003.
Sidney H. Miller, AO685693.
William P. Miller, Jr., AO745141.
Jackie N. Moore, AO811952.
Ollege B. Morrison, AO855512.
James T. Murphy, AO435978.
Eugene A. Novak, AO683050.
John F. Overstreet, Jr., AO929962.
Russell S. Paulnock, AO807868.
Harry A. Paynter, AO679111.
Glenn H. Pierce, AO685718.
William E. Quinlan, AO566474.
William C. Rawson, AO820058.
Ernest L. Reid, AO416349.
Edwin E. Ruoff, AO799647.
Paul G. Schauwecker, AO683327.
Samuel P. Schmehl, AO953993.
Earl M. Schmidt, AO816803.
Sam E. Sheffield, AO448070.
Chester J. Shusta, AO768846.
James C. Smith, AO723755.
Edwin F. Sweeney, AO792652.
Nicholas Tony, O936384.
Charles B. Wilson, AO466508.
Warren S. Woirol, AO808330.

The following-named distinguished aviation cadets for appointment in the United States Air Force, in the grade indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, Eighteth Congress (Officer Personnel Act of 1947):

To be second lieutenants

James A. Adams, Jr.
Lloyd P. Anna
Richard D. Brewer
James O. Carson
Thorvald W. Christiansen
Ralph P. Clark
John J. Davey
Kenneth N. Dennerlein
William M. Fetzer
Eugene Frye
James K. Gleoggler
Robert B. Helle
Robert H. Kulaas
Crawford P. Livesay, Jr.
Ralph John Maglione, Jr.
Horace E. Martin, Jr.
James F. Nuchols
Robert E. Prince
George R. Reinker
Wallace N. Robinson III
Robert A. Wilke
William L. Youman

Subject to physical qualification and subject to designation as distinguished military graduates, the following-named distinguished military students of the senior division, Reserve Officers' Training Corps, for appointment in the United States Air Force, in the grade of second lieutenant, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, Eighteth Congress (Officer Personnel Act of 1947):

Milton C. Chapman, Jr.
Baird M. Martin
Avie J. Rainwater, Jr.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 18 (legislative day of July 20, 1950.

UNITED NATIONS

Milton Katz, of Massachusetts, the United States special representative in Europe, with the rank of Ambassador Extraordinary and Plenipotentiary, to serve concurrently and without additional compensation as the representative of the United States of America on the Economic Commission for Europe of the Economic and Social Council of the United Nations.

INTERNATIONAL CLAIMS COMMISSION OF THE UNITED STATES

The following-named persons to be members of the International Claims Commission of the United States:

Josiah Marvel, Jr.
Raymond S. McKeough
Roy G. Baker

PUBLIC ADVISORY BOARD

Orin Lehman, of New York, to be a member of the Public Advisory Board, established under title I, of the Foreign Assistance Act of 1948.

TAX COURT OF THE UNITED STATES

Norman O. Tietjens, of Ohio, to be judge of the Tax Court of the United States for a term of 12 years from June 2, 1950.

DIPLOMATIC AND FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

To be Foreign Service officer of class 2, consul, and secretary

Woodbury Willoughby

To be Foreign Service officers of class 3, consuls, and secretaries

Orville C. Anderson
Ernest H. Fisk
Gardner E. Palmer

To be Foreign Service officers of class 4, consuls, and secretaries

Gene F. Caprio
Arthur A. Compton
J. Roland Jacobs
Roswell D. McClelland

To be Consuls

Stanley R. Chartrand
Gilbert E. Clark
James M. Macfarland
Don B. Reynolds
Arthur Menken

To be secretaries

Ben T. Moore
Nils William Olsson

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 18 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: On page 61, between lines 19 and 20, insert the following:

(d) Any rules, regulations, or orders for real estate construction credit shall not restrict loans made by private lenders to any percentage of value or maturity less than the maximum authorized for any loans of like classifications authorized to be made, insured, or guaranteed by the Government or any Government-owned agency, or instrumentality, nor shall any rule, regulation, or order otherwise dis-

criminate in favor of Government loans or Government insured or guaranteed loans against private loans.

On page 61, line 20, strike out "(d)" and insert in lieu thereof "(e)".

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENTS

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 18 (legislative day, JULY 20), 1950

Ordered to lie on the table and to be printed

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 18 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. WHERRY (for himself and Mr. SPARKMAN) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: On page 66, between lines 7 and 8, insert the following:

(c) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a dislocation of the normal distribution in the civilian market, he shall do so in such manner as to assure each individual business in the normal channel of distribution

of such material of its fair share of the available civilian supply based, insofar as practicable, on the share received by such business during a representative period preceding June 24, 1950.

Calendar No. 2251

81st CONGRESS
2d SESSION

S. 3936

AMENDMENT

Intended to be proposed by Mr. WHERRY (for himself and Mr. SPARKMAN) to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

AUGUST 18 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

AUGUST 18 (legislative day, JULY 20), 1950
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. WILLIAMS to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz: On page 38, after line 9, insert the following:

SEC. 306. No department or agency of the United States shall undertake or continue, or commit, allocate, or disburse any grant for the undertaking or continuance of, the construction of any structure, work, or other project unless (1) such construction is certified by the Secretary of Defense to be essential to national security, or (2) the construction of such structure, work, or other project has

been commenced prior to the enactment of this Act, and substantial detriment to the interests of the United States will result if the proposed further construction is not carried out.

Calendar No. 2251

81ST CONGRESS
2D SESSION

S. 3936

AMENDMENT

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AUGUST 18 (legislative day, JULY 20), 1950
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81ST CONGRESS
2D SESSION

S. 3936

IN THE SENATE OF THE UNITED STATES

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"(h) Whenever any wage, salary, or other compensation is stabilized pursuant to the provisions of this section, the President shall, notwithstanding any other provision of law, prohibit any step-increase or other increase in the wage, salary, or other compensation payable to any employee in any branch, department, or agency of the United States, other than an increase by reason of transfer or promotion to

an existing position which has become vacant or to a new position which has been created because of an increased work load in such branch, department, or agency."

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"Notwithstanding any other provision of this Act, whenever the President decides that either price ceilings or wage stabilization is necessary, he must simultaneously declare both into effect as of the same base period, such base period being a thirty-day period selected prior to June 24, 1950."

On page 44, beginning in line 11 with the word "higher", strike out through line 16.

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On page 44, line 25, strike out the word "higher".

On page 45, beginning in line 10 with the word "Nothing", strike out through line 16.

On page 43, line 24, beginning with the comma, strike out through the word "subsection".

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S. 3936

AMENDMENTS

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IN THE SENATE OF THE UNITED STATES

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AMENDMENT

Intended to be proposed by Mr. MAYBANK to the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, viz:

On page 34, beginning with the comma in line 19, strike out through line 21 and insert a period and the following: "After consultation with the Board of Governors of the Federal Reserve System, the guaranteeing agencies may prescribe the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees."

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S. 3936

AMENDMENT

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On page 32, line 18, after "deliveries" insert "or services".

On page 33, line 13, after the word "deliveries" insert "or services".

On page 33, line 14, after the word "materials" insert "or the performance of services".

On page 35, line 3, after "deliveries" insert "or services".

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On page 35, line 4, after "materials" insert "or the performance of services".

On page 35, line 7, after "enterprises" insert the following: "(including research corporations not organized for profit)".

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S. 3936

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AMENDMENTS

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On page 32, between lines 16 and 17, insert "Subtitle A—General Expansion".

On page 35, line 23, before the period insert a colon and the following: "*Provided further*, That the provisions of this section shall be without prejudice to, and shall be administered consistently with, subtitle B of this title".

On page 36, line 21, after the word "section" insert the following: "or pursuant to subtitle B of this title".

On page 38, between lines 9 and 10, insert the following:

Subtitle B—Metals and Minerals

SEC. 311. (a) It is the policy of the Congress that every effort be made to stimulate exploration for and conservation of strategic and critical metals and minerals and other essential metals and minerals by private enterprise to supply the industrial, military, and naval needs of the United States, and that every effort be made to encourage the development and maintenance of sources of these metals and minerals within the United States in order to decrease and prevent, wherever possible, a dangerous and costly dependence by the United States upon foreign nations for supplies of such materials. To this end it is the further policy of the Congress that every effort be made to maintain a sound and active mining industry within the United States; to expand exploration for those ores and other mineral substances which are essential to the common defense or the industrial needs of the United States; and to prevent the discontinuance of mine operations under such circumstances as to make it probable that production would not or could not be resumed when needed for the national economy or security.

(b) In carrying out these policies small mining enterprises shall be encouraged to apply for aid under this subtitle, and for this purpose the Secretary of the Interior shall

provide small mining enterprises with full information concerning this subtitle, and shall make special provision for expeditious handling of applications from small mining enterprises.

SEC. 312. A Minerals Conservation Board, consisting of the Secretary of the Interior, the Secretary of Defense, the Secretary of Commerce, and the Secretary of the Treasury, is hereby established. The Secretary of the Interior shall be the executive chairman of the Board. The members of the Board may delegate their powers, functions, and duties, including those relating to appeals, to suitable officers of their respective agencies.

SEC. 313. To carry out the policy of this subtitle, the Board shall by regulation determine—

(a) the amount of money to be allocated to the aid of exploration, on the one hand, and to the aid of conservation, on the other hand;

(b) the amount of money to be allocated to the aid of exploration for any metal or mineral or group of metals or minerals, as specified by the Board;

(c) the amount of money to be allocated to the aid of conservation of any metal or mineral or group of metals or minerals, as specified by the Board;

(d) the maximum price or the minimum price, or both, which may be paid for the purchase of any metal

or mineral for conservation: *Provided,* That adequate allowance shall be made for depletion and depreciation in computing costs of operation or maintenance;

(e) the maximum amount or the minimum amount, or both, which may be paid on account of participation in the costs of maintenance for conservation with respect to any metal or mineral;

(f) the maximum amount or the minimum amount, or both, which may be paid to any producer or class of producers on account of exploration for any metal or mineral or group of metals or minerals, and the ratio which the Government's contribution for exploration shall bear to the contribution of any producer or class of producers for exploration;

(g) the particular metals or minerals or ores thereof and specifications therefor that shall be eligible for aid for conservation;

(h) the particular metals or minerals that shall be eligible for aid for exploration; and

(i) the time limits or dates within which contracts for aid for conservation shall terminate.

SEC. 314. (a) The Board shall promulgate such rules and regulations as may be necessary to carry out its functions and duties under this subtitle, and to provide fair and equitable treatment for all applicants for aid.

(b) The Secretary, subject to the rules and regulations of the Board, may prescribe rules and regulations for carrying out the provisions of this subtitle and which must be complied with by applicants for contracts under the provisions of this subtitle.

(c) The Secretary may delegate any of his functions under this subtitle.

(d) All rules and regulations issued under the authority contained in this section shall be published in the Federal Register.

SEC. 315. (a) Any producer may file with the Secretary an application for financial aid in carrying out a specified project for exploration or financial aid to conserve a deposit of ores or minerals. An application to conserve may be either for aid by participating in the costs of maintaining the property in stand-by condition or by purchasing all or any part of the metals or minerals resulting from production from such deposit. The application and the project for aid disclosed by the application must conform to the express policy and provisions of this subtitle and with the rules and regulations of the Board and of the Secretary: *Provided, however,* That simple contracts covering exploration projects shall be awarded upon application to small base metal mines and such contracts shall provide for the payment by the United States of one-half of the total reasonable costs of all

tunnels, shafts, winzes, and raises in such a mine if the application or examination discloses that there is a reasonable promise of developing unknown or undeveloped sources of metals or minerals. All contracts covering exploration projects shall contain provisions for repayment to the United States of sums paid by the United States pursuant thereto, liability for such repayment to be limited to payment of a reasonable portion of profits accruing from production resulting from such exploration.

(b) The Secretary shall cause qualified mining engineers, geologists, and any other necessary technicians to make examination of and to report on each application, and to certify it to the Secretary either for acceptance, as presented or subject to specified modifications, or for rejection. In the case of a project for exploration, the examining experts shall certify whether the project offers reasonable promise of discovering unknown or undeveloped sources of metals or minerals. In the case of a project for aid to conserve a deposit of ores or minerals, either by participating in the costs of maintaining the property in stand-by condition or by purchasing all or any part of the metals or minerals resulting from production from such deposit, the examining experts, considering economic and practical factors, shall certify whether the project offers reasonable promise of maintaining in stand-by condition or in production, as the case

may be, a property the production from which would, in the absence of financial aid by the United States, be discontinued or remain discontinued under such circumstances as to make it probable that for economic or technical reasons such production would not or could not be resumed when needed for the national economy or security.

(c) The Secretary shall either accept and approve the application, subject to any modification therein which he may require, or he shall reject it: *Provided,* That if the Secretary's action on the application conflicts with the recommendation and certification of the examining experts, he shall refer the application to the Board; and the Board shall either confirm and approve the action of the Secretary, or shall reverse it, or shall direct the Secretary to reconsider it. Confirmation or reversal of the Secretary's action by the Board shall be final, and direction to reconsider shall place the application in the same status it was in before action upon it by the Secretary. If the Secretary accepts the application, either in its original or modified form, the terms of the application and acceptance shall be merged in a formal, written contract. Any applicant who is dissatisfied with the decision of the Secretary upon his application, may at any time within thirty days after receipt of notice of the decision, unless further time is granted by the Board, appeal to the Board, and the Board, as expeditiously as possible, shall review the entire matter,

make its findings thereon, and notify the applicant of its decision, which shall be final.

(d) All metals or minerals purchased under the provisions of this section, or such equivalent quantities thereof as may be permitted by the contract with the producer, shall be delivered by the producer to and shall be received and paid for by the Administrator of General Services at such places and times as may be provided in the contract. The Administrator shall from time to time, and in any event before selling them in the open market, notify the Munitions Board of the inventory of metals or minerals held by him under the provisions of this subtitle and shall continue to hold all metals or minerals received by him under this subtitle until at least sixty days after he has given the Munitions Board notice that they are so held. The Munitions Board may, as long as any such metals or minerals are held by the Administrator, (1) direct the Administrator to transfer any of them to the national security stockpile in accordance with the provisions of the Strategic and Critical Materials Stock Piling Act, as amended (53 Stat. 811, 60 Stat. 596), or (2) within sixty days after such notice from the Administrator direct him to hold any such metals or minerals listed in the notice until sixty days after the next succeeding appropriation for purchases for the stockpile has become available. Unless notified by the Munitions

Board to either transfer any of such metals or minerals or to continue to hold them as provided in this subsection, the Administrator shall sell them in the open market if and when open-market prices will return to the Government at least the approximate average price paid by the Government for the metals or minerals, and only in such quantities as will not materially depress the market. No metal or mineral shall be transferred into the national security stockpile under the provisions of this subtitle unless the material has been found to be strategic and critical as provided in the Strategic and Critical Materials Stock Piling Act, and meets established specifications as to quality and degree of refinement or processing, and unless such transfer is consistent with the current stockpiling procurement program of the Munitions Board. Any transfer of metals or minerals to the national security stockpile shall be covered by a transfer of funds from appropriations available for purchases for the stockpile to the Administrator in amounts approximating what the cost of the metals or minerals would have been if purchased in the open market at the time of transfer.

(e) Contracts entered into under the provisions of this section may be entered into without regard to sections 3648 and 3709 of the Revised Statutes, as amended, or other provisions of law prescribing the manner of making contracts on behalf of the United States.

(f) No contracts shall be entered into under the provisions of this section for a period exceeding two years.

SEC. 316. As used in this subtitle—

(a) "Secretary", standing by itself, means the Secretary of the Interior.

(b) "Administrator" means the Administrator of General Services.

(c) "Board" means the Minerals Conservation Board.

(d) "Exploration" means exploration in the United States for unknown or undeveloped sources of metals or minerals, including undeveloped extensions of known deposits, conducted from the surface or underground, by surface trenching, core or churn drilling, tunnels, raises, winzes, or shafts, including recognized and sound procedures for obtaining pertinent geological information, and including metallurgical research on processes for the production of such metals or minerals.

(e) "Production" means the production of ores or minerals from mines in the United States, or from tailings, dumps, slags, or residues of such mines, which the Secretary determines would, in the absence of financial aid by the United States, be discontinued or remain discontinued under such circumstances with respect to each particular mine as to make it probable that for economic or technical reasons

such production would not or could not be resumed promptly when needed for the national economy or security.

(f) "Small base metal mines" means mines or deposits of ores primarily producing or which in the course of conducting an exploration project primarily produce lead, zinc, or copper ores, or ores containing a combination of such metals, the average aggregate monthly production of which does not exceed 100 tons of lead, zinc, and copper metal combined.

(g) "Producer" means any person or persons or legal entity by whom or for whose account and interest exploration, maintenance, or production is to be or is being performed.

(h) "United States", when used in a geographical sense, means the United States and its Territories and possessions.

SEC. 317. This subtitle shall not be construed as superseding or amending the Atomic Energy Act of 1946 (60 Stat. 755), as amended.

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81ST CONGRESS
2D SESSION

S. 3936

AMENDMENTS

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State is now asking as an increase in this area, through our Appropriations Committees, is an estimate made up long before Korea. Months ago this estimate ground through the mechanics of the Government departments. Of that amount, $41,000,000 will go to build the facilities referred to by the distinguished Senator from Virginia [Mr. ROBERTSON]. Another seven or eight million dollars will go for other long-term facilities that take a year or 2 years to build. Thus not over half of this $89,000,000 is for actual operations.

Mr. President, I would point out to those who heard the questions of the Senator from Virginia that General Sarnoff estimated in the hearings on Senate Resolution 243 that $200,000,000 is required to provide the United States with an adequate world-wide network. Yet the State Department is asking for only $41,000,000.

Mr. President, this pre-Korean request for $89,000,000 has been cut very substantially by the House. I urge upon the Senate a restoration of the amounts cut. Any cut would be extremely bad judgment at this time and would not meet with the approval of the American people, as the Gallup poll demonstrates. Further, the sum should be greatly increased. I hope we can cooperate with the Department of State in insuring a great increase in activity in this area. We should not adjourn until this is done and I hope we can get the leadership for it. I do not think $300,000,000 for operations this year would be a bit too much. It is approximately one or one and a half to 2 percent of what we propose to spend on our military policy. I have previously given to the Senate several ideas on how extra money can productively be spent.

Mr. President, there is one other newsstory I should like to bring to the attention of the Senate. This appears in this morning's papers. It is further evidence of the kind that is piling up all around us, wherever we look, every day. The front page of the New York Times this morning has a story headed, "British labor asks world mutual aid to succeed ECA." Two paragraphs of this story are as follows:

FOE IS "POVERTY EVERYWHERE"

The object of the plan, according to the policy statement, would be "to attack poverty everywhere in developed and undeveloped countries alike."

It would amalgamate the efforts already being made by the United States, Britain, and the United Nations, to assist underdeveloped territories. Participating countries would contribute to its cost according to their abilities.

I ask unanimous consent that the entire article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRITISH LABOR ASKS WORLD MUTUAL AID TO SUCCEED ECA—PLAN TO COMBAT COMMUNISM AND FASCISM IN UNDEVELOPED AREAS IS URGED BY PARTY—WOULD ENLARGE POINT 4—NATIONAL COMMITTEE TRANSFERS EMPHASIS FROM DOMESTIC GAINS TO PERIL ABROAD

(By Clifton Daniel)

LONDON, August 20.—A world plan for mutual aid to sustain the prosperity of the industrial nations and to combat communism and fascism in underdeveloped areas was proposed today by the national committee of the British Labor Party in its 1950 statement of policy and principles.

This plan, which would be undertaken by the free nations and would succeed the European recovery program in 1952, is similar to proposals already made by various individual statesmen, but it is the first of its kind to be advanced by the governing party of any major country. It is in effect a magnification of President Truman's point 4 program for aid to underdeveloped areas.

Morgan Phillips, secretary of the Labor Party, said that the plan was not a formal commitment on the Labor government to act on specified lines because any action would have to be preceded by discussion with the British Commonwealth, western Europe, and the United States. But the party's research organization, he said, has already been working on the problem.

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It would amalgamate the efforts already being made by the United States, Britain, and the United Nations to assist underdeveloped territories. Participating countries would contribute to its cost according to their abilities.

While the western democracies must be strong enough to resist aggression, the labor statement said, armed strength is not enough.

"Rising standards of living," it declared, "are the strongest defense against infiltration by communism and fascism."

As the undeveloped areas mostly require technical and scientific assistance, the statements said, the British Government would establish a technical service to provide knowledge, experience, and skill for those areas—an agency comparable to the United States point 4 organization.

The mutual aid plan was outlined in a 39-page pamphlet called "Labor and the New Society," which the party's executive committee began pondering last May, after the election set-back that almost cost it control of the House of Commons and the Government. The pamphlet is not an election platform, but will form the basis for the platform that will be written when the date of the next general election is known. It will be discussed throughout the party and debated in October at the Labor Party's annual conference.

Drafting of the statement was completed after the start of the Korean war and the drive to rearm western Europe.

"Paying for defense is bound to limit the money available for social services or tax reduction," the policy statement warned.

GAINS TIED TO PRODUCTIVITY

Major advances in the social services, it added, will be possible only through increased productivity. Moreover, in the face of obviously hostile or indifferent public opinion as manifested in the election returns, the Labor Party leaders conspicuously soft-pedaled their plans for nationalization of further segments of business and industry.

Industrial insurance, cement, sugar, and minerals, all of which had been scheduled for nationalization in the last year's policy statement, were not mentioned in the 1950 version. Mr. Phillips said they were eligible for consideration but that the committee "did not think it wise at this stage to tie the party to a timetable for nationalization."

The statement said only that water supply would become a public service and that the Labor government would put into effect the legislation already enacted to nationalize the iron and steel industry.

As for other industries, it said that the Monopolies Commission would be strengthened and that "monopolies will be transferred to public ownership if they cannot be dealt with in any other way." Also, the Labor Government may "use its existing powers to take over concerns which fail the Nation" and establish public enterprises to compete with private firms that "are not pulling their weight," the statement said.

Mr. BENTON. Mr. President, the British Labor Party has taken over, in this recommendation, our point 4 program and has projected it at a high level of the British policy and, I hope, at a high level of international policy. Point 4 is designed to show people everywhere that we in the United States share the hopes, aims, and aspirations of the poverty-stricken and suffering peoples of the world, and that we are determined to help them solve the problems and secure a richer and happier life.

Point 4 is an answer to the Russian propaganda. Other facets of American foreign policy show also that we are not satisfied with the world as it is and that we shall devote our resources to the improvement of the suffering world; that we shall, in line with the recommendations of the senior Senator from Connecticut [Mr. MCMAHON], if we can achieve success in reducing our armaments, take billions of dollars saved out of the field of armament, into which we are unhappily forced, and devote them to the improvement of the peoples of the world upon whose understanding and good will Mr. President, our very future may depend.

EXPANSION OF RESERVE COMPONENTS OF THE NATIONAL MILITARY ESTABLISHMENT

Mr. BYRD. Mr. President, Senate bill 960 provides for the construction, rehabilitation, expansion, conversion, and joint utilization of buildings, structures, utilities, and other facilities, including the acquisition of land, for the Reserve components of the National Military Establishment of the United States, and for other purposes. It was passed by the Senate on June 16. The House did not consider the Senate bill, but passed a bill of its own. There are differences between them.

I ask unanimous consent that the Senate proceed to consider the House bill, which is H. R. 8594, and amend it by striking out all after the enacting clause and substituting Senate bill 960, thus permitting the bill to go to conference.

The VICE PRESIDENT. Is there objection to the present consideration of the House bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 8594) to provide for the acquisition, construction, expansion, rehabilitation, conversion, and joint utilization of facilities necessary for the administrating and training of units of the Reserve components of the Armed Forces of the United States, and for other purposes.

The VICE PRESIDENT. Without objection, the language of the House bill after the enacting clause will be stricken out, and the language of Senate bill 960 inserted in lieu thereof.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. BYRD. Mr. President, I move that the Senate insist upon its amendment, request a conference with the House of Representatives thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. BYRD, Mr. HUNT, and Mr. SALTONSTALL conferees on the part of the Senate.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

The VICE PRESIDENT. The hour of 1 o'clock having arrived, under the terms of the unanimous-consent agreement entered into the time is divided equally between the proponents and opponents of any amendment that may be offered.

Mr. MAYBANK. Mr. President, if I may have the attention of Senators, I appreciate that perhaps some Senator may wish to have a quorum call at this time. If not, I may say that some 10 amendments submitted by various Senators, most of whom I see in the Chamber, have been agreed upon. I ask that I may, with unanimous consent, if necessary, call those amendments up and get them out of the way.

The VICE PRESIDENT. There is no amendment now pending.

Mr. MAYBANK. Mr. President, several amendments have been agreed upon. For instance, the distinguished minority leader and the Senator from Alabama [Mr. SPARKMAN] worked out an amendment together. There is also an amendment by the junior Senator from Ohio [Mr. BRICKER], and another one by the Senator from Kentucky [Mr. CHAPMAN]. There is also one which was submitted by the Senator from Florida [Mr. HOLLAND], although I do not see him present.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. WHERRY. My understanding is that the distinguished chairman of the committee would like to proceed by taking up the amendments to which there will be no objection and on which there apparently will be no controversy.

Mr. MAYBANK. That is correct.

Mr. WHERRY. When those amendments are out of the way, a quorum call will be had.

Mr. MAYBANK. Yes.

Mr. WHERRY. Will these amendments necessitate a vote?

Mr. MAYBANK. I do not think so.

Mr. WHERRY. If not, I have no objection to proceeding without a quorum call.

Mr. MAYBANK. Of course, it will necessitate a vote to agree to the amendments. Mr. President, I send to the desk an amendment which I ask to have stated.

The VICE PRESIDENT. The Secretary will state the amendment.

Mr. WHERRY. I understand the Senator wants to take up the amendment which I offered on behalf of myself and the Senator from Alabama. I therefore send the amendment to the desk. It is amendment B.

The VICE PRESIDENT. The Secretary will state the amendment.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. TAFT. I suggest that when the Secretary reads an amendment he read the author of the amendment and the letter appearing at the bottom of the amendment, so that we may identify them. A great number of amendments have been submitted.

The LEGISLATIVE CLERK. Amendment B, offered by Mr. WHERRY and Mr. SPARKMAN:

On page 66, between lines 7 and 8, it is proposed to insert the following:

"(c) Whenever the President invokes the powers given him in this act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a dislocation of the normal distribution in the civilian market, he shall do so in such manner as to assure each individual business in the normal channel of distribution of such material of its fair share of the available civilian supply based, insofar as practicable, on the share received by such business during a representative period preceding June 24, 1950."

The VICE PRESIDENT. The Senator from Nebraska is recognized for 5 minutes.

Mr. WHERRY. Mr. President, for the benefit of Senators I should like to state that amendment B was originally offered as amendment I. The only difference between the two amendments is that in the original amendment I there is added after the word "material" the following: "to an extent which the President finds will result in a dislocation of the normal distribution in the civilian market." The remainder of amendment B is exactly as offered originally as amendment I.

Mr. President, I spoke at some length on this amendment when it was offered on August 15.

Since that date, I have added perfecting language to the amendment, which in no way takes away from, or modifies its original purpose, but which may serve to clarify the conditions by which the President shall be required to put civilian allocations into effect.

It was thought by some that if the President acted under title III and made allocations it would be imperative to allocate and distribute through normal channels of trade the balance of the civilian supply even though there might not be a dislocation. The amendment would leave it up to the President at that time. If and when he puts allocations into effect under titles I, II, and III of the act, and if in military use or in the interest of national defense he finds there is a dislocation, and a severe one, the amendment would become applicable.

I think it is a good amendment, and it was suggested by the distinguished Senator from Alabama [Mr. SPARKMAN]. I do not think I could conceive of its becoming applicable unless there was a dislocation. This makes it perfectly clear.

Mr. President, we all know it is certain that the President will move immediately into the application of voluntary agreements for the distribution of strategic materials.

We also know that sufficient of those materials must be assured for military and defense production, irrespective of civilian needs.

It is also possible that the progression from voluntary to mandatory allocations will be rapid, depending upon the results obtained by voluntary agreements, or the necessity for more rigid allocations and priorities possible only under mandatory controls.

This amendment deals only with the distribution of available civilian supply, after military and national defense commitments have been made. It deals particularly with the survival of small and independent business in such distribution.

The pending bill pays a great deal of lip service to small business. In it are several references to creating a desirable atmosphere for small business. Such wishful thinking in behalf of small business has been included in previous legislation, some of which is still in effect, but I can assure the Senate that little or nothing has been done to effectuate such provisions.

Mr. President, there is no provision in this bill—and I have been over it with a fine-tooth comb—that assures to small and independent business a fair and equitable position in the distribution of allocated materials.

To accomplish this purpose—and I am sure it is an important purpose to all the Members of the Senate—the amendment provides that any allocation contemplated under this bill must utilize the normal channels of trade.

In order to get rid of the black market we must see to it that production goes through normal channels of trade. Otherwise the independents will be crowded out of the picture and they will be the ones to rush immediately to new sources of supply in order to pass their supply on to their trade.

America became great as a result of the independence of action afforded the small business segment of our economy. In a free economy, independent business can purchase supplies from integrated business and still sell in competition with its larger competitors, and on many fronts favorably so.

In a controlled economy, however, this one weapon of freedom of movement is no longer available to independent business, because the very essence of controls means elimination of freedom of action. If, at the same time, we also destroy or divert the supply from the normal channels of distribution we sound the death knell of independent business.

Therefore, this amendment provides that whenever the President invokes allocation powers with respect to any ma-

terial and he finds such allocation will result in a dislocation of normal distribution in the civilian market, the President shall allocate in such manner as to assure each individual business its fair share in the normal channel of distribution of such material.

The use of normal channels of distribution must be required; it must not be left to chance or to discretion.

However, complete flexibility as to the base upon which the President shall determine the fair share is contained in the last three lines of the amendment.

The President determines the fair share based, insofar as practicable, upon the share received by such business during a representative period, preceding June 24, 1950, and this determination is to be made by the President.

The words "insofar as practicable" give full latitude to the President or the Administrator to determinte an applicable base period prior to June 24, 1950. Or the amendment permits the President to determine another practicable base period, depending upon the circumstances affecting the particular industry.

Mr. President, I believe the purpose of this amendment is clear. I believe it is consistent with the objectives of the Banking and Currency Committee, namely, to protect American small business.

The VICE PRESIDENT. The time of the Senator from Nebraska has expired.

Mr. MAYBANK. Mr. President, this amendment would require the President, in allocating materials, or in approving voluntary programs or agreements allocating materials, to assure a fair share of the supply to businesses in the normal channels of distribution.

The amendment is designed to help in solving a real problem—the tendency of integrated producers to discontinue supplying their independent nonintegrated customers, and to give all the available supply to their subsidiaries and branches. This obviously is unfair and harmful to independent business, particularly small business.

Questions have been raised as to the feasibility of establishing a formula of the kind proposed. We must be careful not to tie the hands of the President in the use of the powers given to him under the bill. The amendment has been modified to meet these problems, as far as seems possible without interfering with the objective. The requirement does not apply unless the allocations will result in a distortion of the normal civilian distribution, so that the President will not be required to undertake extensive allocations unnecessarily.

The shares of the businesses in the normal channels of distribution, which are to be assured under the provision, are to be fair shares, based so far as practicable on a pre-Korea base. There is, of course, no assurance that this will be sufficient to meet the full needs of the business, or even to keep it in operation. Under present and foreseeable conditions, no such assurance can be given. Furthermore, I understand it is not the intention or effect of the provision to interfere or affect the requirements of the military or essential civilian or defense needs.

In the light of these changes, and with the understanding that consideration will be given to any changes which may prove necessary after experience with the provision, I see no objection to the amendment, aud urge that it be approved.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. WHERRY] for himself and the Senator from Alabama [Mr. SPARKMAN].

The amendment was agreed to.

Mr. MAYBANK. Mr. President, I send to the desk an amendment marked "8–15–50 K," on behalf of the Senator from Nebraska [Mr. WHERRY].

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 56, line 21, before the period, it is proposed to insert a comma and the words "or compromise with the seller the liability which might be assessed against the seller in such an action."

On page 56, line 21, after the word "instituted", insert a comma and the words "or such liability is compromised."

On page 57, line 2, before the word "under" insert "or a compromise."

Mr. MAYBANK. Mr. President, I understand that the purpose of the amendment is to permit the President to settle triple-damage actions against sellers violating ceiling regulations. As chairman of the committee, I have no objection to the amendment.

Mr. WHERRY. Mr. President, I would like to have my statement with regard to the amendment printed in the RECORD at this point.

The VICE PRESIDENT. Is there objection?

There being no objection, Mr. WHERRY'S statement was ordered to be printed in the RECORD, as follows:

This amendment gives the President the right to compromise any liability for an over-ceiling sale, which might be assessed against the seller, if the buyer involved in the transaction fails to bring suit within 30 days of the sale.

The amendment provides further that if the President does compromise such liability, the compromise shall be a bar to further damage actions arising out of the over-ceiling sale.

As the bill now reads, the President has the right only to bring an action for treble damages, if the buyer has not done so within 30 days. It provides further that a judgment on such action will be a bar to any additional damage action by the President or by the buyer.

The amendment would allow the President to compromise as well as bring suit—and provides that a compromise would be just as effective a bar to further suits as a judgment.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MAYBANK. Mr. President, I send to the desk an amendment on behalf of the Senator from Colorado [Mr. JOHNSON].

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

(e) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes, or improvements to plants, factories, and other industrial facilities now owned by the United States Government.

The VICE PRESIDENT. Without objection——

Mr. TAFT. Mr. President, what amendment is this, and what is the purpose of it?

The VICE PRESIDENT. The Senator from South Carolina is recognized.

Mr. MAYBANK. It is an amendment marked "7–21–50–A," offered by the Senator from Colorado [Mr. JOHNSON].

Mr. JOHNSON of Colorado. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Colorado?

Mr. MAYBANK. I yield.

The VICE PRESIDENT. The Senator from Colorado is recognized for 5 minutes.

Mr. JOHNSON of Colorado. Mr. President, I have no personal interest in this amendment. Its application is in the State of New Jersey. In explanation of the amendment and how it would apply, I shall read a report by Lewis Sanders, as follows:

RINGWOOD IRON MINES—PLANCOR 662 (ALAN WOOD STEEL CORP.), PASSAIC COUNTY, NORTHERN NEW JERSEY

This property was purchased by the United States Government in 1943. The Government expended just under $4,000,000 in its acquisition and the construction of a concentrating mill with a capacity of 100 tons of crude ore per hour, enlarging the mine hoistways, equipping the mines, and rebuilding a 7½-mile standard-gage railway. The property includes dwelling units for 115 families.

The ore deposits include two developed mines, the Peters and Cannon, and a number of undeveloped ore bodies. Ground owned in fee 878 acres, and mineral rights on an additional 174 acres.

Ore in sight between 400,000 and 600,000 tons. Geological probabilities, based on the characteristics of both the developed mines and similar adjacent mines, favorable to substantial additional tonnages. Probable maximum possibilities of the district that can be served by the plant, 20,000,000 tons.

The Government did not complete the plant in time for operation during World War II. It was declared surplus and the Government has tried in vain since 1945 to find someone who would purchase and operate the property.

A year ago the property was brought to the attention of the undersigned. I have made a thorough engineering examination and report on the property and found that it was capable of profitable commercial operation.

I organized a group that agreed to provide the capital necessary to place the mines in operating condition and also furnish working capital. When it was attempted to close contracts for the sale of the product it was found that the blast furnaces would no longer buy the grade of concentrates which the Ringwood mill had been designed to produce as they are too high in phosphorus.

I have made a further investigation and report which shows that by installing additional ball mills, classifiers and filters in the concentrating mill a Bessemer grade iron concentrate running 69 percent iron and unusually low in silica can be produced.

Also that by installing pelletizing furnaces, for which natural gas has just become available, a very superior product, ready for the blast furnace, can be produced. This product would be readily salable and should command a premium.

The cost of the additional grinding equipment and the pelletizing furnaces would be about $800,000. It has proved impossible to induce private capital to make this additional investment.

Unless the Government will make the required additions to the plant it appears to be impossible to induce anyone to undertake its purchase and operation. If the present plant is cannibalized the ore deposits are probably permanently lost.

In my judgment the national situation in regard to iron ore reserves makes it important to mine all the small deposits possible before a major emergency arises. This will conserve the Great Lakes deposits which must constitute our reserves for an all out war since only here can production be expanded with sufficient rapidity to meet our needs for steel.

Experience has shown that it is not practicable to exploit these small iron deposits after an emergency has arisen. Scarce manpower and critical materials have to be diverted from immediate military equipment while the product of the mine does not become available for use until too late to be of real importance.

However, although the future situation in regard to iron ore reserves may become quite critical there is no warrant, in my opinion, for mining iron ore at a loss, subsidizing its production or maintaining iron mines in a standby condition, at considerable expense, awaiting an emergency. I fully concur in the refusal of the Munitions Board to designate the Ringwood iron mines as part of the national reserve.

I would recommend the completion of the Ringwood plant by the Government only on the basis that the Bureau of Mines finds that there is sufficient ore in sight to enable the Government to recoup the added investment. Also that a contract be obtained with an operator which will repay the Government's new investment within 6 years in addition to payments on account of the purchase price of the existing property.

The completed plant could produce, on two shift operation and a 5-day week, 250,000 tons a year of iron ore pellets of Bessemer grade running 69 percent iron and only 1 percent silica.

The economic results of the operation are estimated to be: Annual pay rolls, over $700,000; annual supplies, power, $600,000; annual to railroad for freight, $500,000; annual pay, United States Government, $95,000; annual income taxes, $165,000; annual net earnings, $175,000; annual depletion reserves, $345,000.

LEWIS SANDERS.

The author of this statement is Lewis Sanders, as I have said. During World War II he was a colonel, and was assigned to the Committee on Military Affairs, and is known to all the members of that committee who served on it during World War II. Mr. Sanders is a mining engineer.

The VICE PRESIDENT. The time of the Senator from Colorado has expired.

Mr. MAYBANK. Mr. President, I ask unanimous consent that a statement prepared by me with regard to the amendment be inserted in the RECORD at this point.

There being no objection, Mr. MAYBANK's statement was ordered to be printed in the RECORD, as follows:

This amendment would authorize the President to install additional equipment, facilities, processes, or improvements to plants or other industrial facilities now owned by the Government.

I recommend the adoption of the amendment.

The Government now has authority, under Public Law 883, Eightieth Congress (the National Industrial Reserve Act), to make improvements to plants designated as part of the national industrial reserve. The Government also has authority, under Public Law 152 to complete, rehabilitate, or convert surplus or excess plants owned by it but not in the industrial reserve.

The amendment would merely clarify the power of the Government to make improvements and additions to plants owned by it, whether or not in the industrial reserve.

However, I am a little uncertain as to the point at which the Senator would have his amendment go into the bill. In his printed amendment it is proposed that there be inserted at the proper place a new subsection (e). The amendment would seem to belong somewhere in title III but I find no appropriate place for a new subsection (e) in that title except in section 301 dealing with guaranties, and that would not appear to be the proper place. I wonder if the Senator would object to having his amendment made a new subsection (d) in section 303, to be inserted after line 14 on page 36. In that event the operations under the amendment would be covered by the borrowing power provided in section 304. If it is desired to have these operations covered by appropriated moneys the amendment could be added as a new section 306 at the end of the title. In either event the amendment would not, I suppose, preclude the use of any moneys otherwise available for these purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. MAYBANK. Mr. President, I now send to the desk an amendment on behalf of the Senator from Florida [Mr. HOLLAND] marked "8–16–50 A."

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 31, lines 20 and 21, it is proposed to strike out "where the amount involved does not exceed $10,000," and insert "without regard to whether the amount involved exceeds $10,000."

Mr. MAYBANK obtained the floor.

Mr. HOLLAND. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield?

Mr. MAYBANK. I yield to the Senator from Florida.

The VICE PRESIDENT. The Senator from Florida is recognized for 5 minutes.

Mr. HOLLAND. Mr. President, the amendment just read will merely provide that in the event any property is taken for defense purposes——

The VICE PRESIDENT. The Senator will suspend until the Senate is in order. The Chair has frequently called to the attention of the Senate the difficulty of hearing in this room. The slightest conversation creates confusion. The Chair hopes Senators and their employees, and employees of the Senate, will cooperate in an effort to keep order in the Chamber. If anyone must converse with a Senator, call the Senator out. If it is not necessary to have a conversation, do not converse.

Mr. HOLLAND. I thank the Presiding Officer. Mr. President, the bill contains a provision under which property may be seized for defense purposes, and very properly so. It provides that in the event of a failure on the part of the seizing Federal agency and the citizen to agree on price, 75 percent of the appraised price shall be paid in cash, and that litigation must be brought by the aggrieved citizen for the balance of the purchase price of the property.

As now drawn, the provision is that up to $10,000 the citizen can maintain a suit in the district court of the district where he lives, but if the claim goes beyond $10,000, then he must come to the Court of Claims in the District of Columbia. The purpose of the amendment is simply to give the citizen the option in each case, whether it is above $10,000 or not, of bringing his suit in the district court where he resides. I understand the amendment is accepted by the committee.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. CORDON. Would not exactly the same result be obtained by striking the language that is now in the bill?

Mr. HOLLAND. No; I would say that the same result would not be so obtained. I asked the Legislative Counsel very much the same question, and they told me that the same result would not be obtained, because under standing law applicable to general litigation the $10,000 limitation does throws citizens into the Court of Claims when they have cases against the Federal Government growing out of ordinary transactions. It was the thought of the Senator from Florida, and as I understand, now of the committee, that in this kind of case, where the Government is taking property for defense or war purposes, the citizen should have the economic right to proceed in his own district, and I have heard no objection to that conclusion.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. MAYBANK] on behalf of the Senator from Florida [Mr. HOLLAND].

The amendment was agreed to.

Mr. MAYBANK. Mr. President, I ask that a statement of the committee regarding the amendment be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

This amendment affects persons whose property has been requisitioned and who do not agree with the amount of the award made by the President. Under these conditions they may take 75 percent of the award and sue for what they consider should be the balance due. Under the bill as reported, such a person could bring suit in either the local district court or in the Court of Claims in Washington if the amount involved were under $10,000. Under the bill, if the claim were over $10,000, the suit could be brought only in the Court of Claims. This is consistent with the provisions of the Judicial Code.

The amendment proposed by the Senator from Florida would permit a person whose property had been requisitioned to bring suit in his local district court, regardless of the amount.

I can see no objection to this amendment, and much merit in permitting suits in local courts. Accordingly, I recommend the approval of this amendment.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Snader, its assistant reading clerk, announced that the House

had passed, without amendment, the following bills and joint resolution of the Senate:

S. 1140. An act to authorize credits to certain public agencies in the United States for costs of construction and operation and maintenance of flood protective levee systems along or adjacent to the lower Colorado River, in Arizona, California, and Lower California, Mexico;

S. 2491. An act providing for the conveying of land and buildings at Fort Phillip Kearney Military Reservation to the State of Rhode Island;

S. 2868. An act to incorporte the Future Farmers of America, and for other purposes;

S. 3698. An act to enable the Secretary of Agriculture to furnish, upon a reimbursable basis, certain inspection services involving overtime work; and

S. J. Res. 174. Joint resolution granting the consent of Congress to the entry, by the State of Missouri and by the State of Illinois, into a compact or agreement between the State of Missouri and the State of Illinois creating the Bi-State Development Agency and the Bi-State Metropolitan District.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 100) providing for the printing of proceedings at the unveiling of the statue of Brigham Young.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H. R. 8112) to provide for the transfer to the States of the replicas of the State seals removed from the Chamber of the House of Representatives of the United States.

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1320. An act for the relief of Mrs. Barbarita Romero; and

S. 2457. An act to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon the claim of A. K. Chahroudi.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Mr. MAYBANK. Mr. President, I send to the desk an amendment offered by the Senator from Massachusetts [Mr. SALTONSTALL], which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 70, line 20, after the word "Government", it is proposed to insert: "who shall be appointed by the President by and with the advice and consent of the Senate, or who shall be an official required to be appointed by and with the advice and consent of the Senate."

Mr. SALTONSTALL. Mr. President, on last Tuesday, August 15, the Senate agreed to an amendment proposed by the junior Senator from Ohio [Mr. BRICKER] which struck out all of section 708 beginning on line 7, of page 73, and substituted new language.

I have proposed an amendment which would add a provision in subsection (c) of section 708 and I would like now to offer that amendment. I realize that to do this it will be necessary to reconsider the vote by which the amendment of the Senator from Ohio was adopted.

I now formally make that motion.

The VICE PRESIDENT. Without objection, the vote by which the amendment was agreed to will be reconsidered.

The Senator from Massachusetts can now offer his amendment to the amendment; and, without objection, the amendment to the amendment will be agreed to, and without objection, the amendment, as amended, will be agreed to.

Mr. SALTONSTALL. Mr. President, I thank the Vice President for putting the question on the amendment so quickly, but the amendment has got to be offered now in a slightly different form, and I should like to have the amendment in that different form stated.

The VICE PRESIDENT. The vote by which the amendment was agreed to will again be reconsidered.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. TAFT. What amendment is it?

Mr. SALTONSTALL. It is the amendment dated "8–17–50," lettered "J."

Mr. TAFT. Very well.

Mr. SALTONSTALL. Mr. President, in making the motion I have two purposes in view: First, I want to submit the amendment, which I have had printed, and which requires that the official approving voluntary agreements or programs be an official appointed by the President by and with the advice and consent of the Senate. In the second place, I find that subsection (c) as agreed to could be clarified by rearrangement of the language, and I think that should be done.

I may say that I have discussed this matter with the Senator from Ohio and he has no objection to reconsideration.

The VICE PRESIDENT. Is that the amendment in a different form from the one previously reported at the desk?

Mr. SALTONSTALL. Yes; it is in a different form.

The VICE PRESIDENT. The amendment, as changed, will be stated.

The legislative clerk read as follows:

(c) The authority granted in subsection (b) shall be delegated only (1) to officials who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, unless otherwise required to be so appointed, and (2) upon the condition that such officials consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than 10 days before making any request or finding thereunder. For the purpose of carrying out the objectives of title I of this act, the authority granted in subsection (b) of this section shall not be delegated except to a single official of the Government.

Mr. SALTONSTALL. Mr. President, I have talked with the Senator from Ohio and the Senator from South Carolina and they both agree to the amendment. I hope it will be adopted.

The VICE PRESIDENT. Without objection, the amendment to the amendment is agreed to, and without objection, the amendment, as amended, is agreed to.

Mr. MAYBANK. Mr. President, on behalf of the Senator from Wyoming [Mr. O'MAHONEY] I send to the desk an amendment which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 35, line 9, after the word "materials", it is proposed to insert a comma and the words "including the exploration, development, and mining of strategic and critical metals and minerals."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. WHERRY. Mr. President, I notice the Senator from Wyoming was on his feet, and was ready to make an explanation. I wish the Senator would tell us what the amendment will do.

The VICE PRESIDENT. The amendment of the Senator from Wyoming has already been agreed to.

Mr. O'MAHONEY. Mr. President, if the Senator from South Dakota will yield for a moment I will state that I appeared before the Committee on Banking and Currency when the measure was under consideration. I suggested an amendment to sections 302 and 303 to make certain that the development of domestic minerals, strategic and critical minerals and metals, would be within the scope of the bill. I suggested that the amendment be inserted in both sections. It came out of the committee in section 303, but it did not appear in section 302. Section 302 is the section which authorizes Government loans, and I felt that it was merely an inadvertence that the language "including the exploration, development, and mining of strategic and critical metals and minerals" was dropped from the section which authorizes loans, and that is the understanding.

Section 303 is the one which provides for assistance in carrying out the objectives of this act by authorizing the President to make provision for the purchase or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, and so forth, and also authorizing him to make provision for the exploration, development, and mining of critical and strategic minerals and metals. In other words, this amendment merely brings these minerals within the scope of loans as well as purchase and exploration.

Mr. MAYBANK. Mr. President, the statement by the Senator from Wyoming is exactly correct.

The VICE PRESIDENT. The amendment has already been agreed to.

Mr. MAYBANK. Mr. President, I send to the desk an explanation of the amendment which has just been agreed to,

which I ask to have printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

I have discussed the subject matter of this amendment with the Senator from Wyoming. I believe he understands that in agreeing to an amendment to an amendment in section 303 (a), clause (2), the committee was attempting in general terms to afford the President a broad power to make provision for the exploration, development, and mining of strategic minerals and metals. With that in mind I have no objection to the amendment of the Senator from Wyoming which proposes to include in section 302, relating to loans to private business enterprises, the same language as the committee put in section 303.

Mr. MAYBANK. Mr. President, I send to the desk an amendment which I ask to have stated, and also ask that the clerk read a brief statement in respect to the amendment.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 38, line 1, it is proposed to strike out "S. 3520" and insert in lieu thereof "Public Law 683."

The VICE PRESIDENT. The statement will be read.

The legislative clerk read as follows:

This corrects a reference to the abacá bill which has now become law and should therefore be identified by its public law number.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. IVES. Mr. President, I send to the desk an amendment which I ask to have stated and considered immediately, and then I desire to make a short statement with respect to the amendment.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 45, line 16, it is proposed to insert:

Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher: *Provided, however,* That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas.

Mr. IVES. Mr. President——

The VICE PRESIDENT. The Senator from New York is recognized for 5 minutes.

Mr. IVES. Mr. President, this amendment is required because of a misunderstanding concerning the provisions of Senate bill 3936 with respect to the marketing of milk.

It had been assumed that all milk producers would receive the same kind of treatment under the terms of this bill as presently written.

Actually, such is not the case. Only milk producers covered by Federal milk-marketing orders would be so protected.

The purpose of this amendment is to insure that fluid milk prices in different areas of the country which are not covered by Federal milk-marketing agreements would be fixed in the same ratio as that which prevailed in the pre-Korean base period.

At present the bill contains a provision of this nature which pertains only to the 150,000 farm families who now are subject to Federal milk-marketing orders. This amendment would remedy the inequity brought about as a result of disregarding the more than 700,000 farm families who are not covered by Federal milk-marketing agreements.

The amendment merely provides that in fixing milk prices the ratio between prices in different areas must be maintained. Since milk prices in different areas have been determined in the first instance by differences in milk quality and costs of feed, this amendment would simply direct the Administrator to take these various factors into consideration.

It is further provided that whenever the Secretary of Agriculture may decide that this formula would not be in the best interest of a given area, it need not be applied.

Because this amendment would insure a steady milk supply by guaranteeing equitable treatment to the more than 80 percent of farm families who are not covered by Federal milk-marketing agreements, its inclusion now would be in the best interest of both the farmers and the milk-consuming public.

I urge adoption of the amendment.

Mr. LEHMAN. Mr. President, will the Senator yield?

The VICE PRESIDENT. The Senator from New York has 5 minutes.

Mr. IVES. I am glad to yield to my colleague from New York, certainly.

Mr. LEHMAN. I thank the Senator very much.

The VICE PRESIDENT. Has the senior Senator from New York concluded?

Mr. IVES. I may or may not have concluded. However, I now yield to my colleague from New York.

The VICE PRESIDENT. The junior Senator from New York is recognized.

Mr. LEHMAN. Mr. President, I wish to associate myself with my colleague, the senior Senator from New York. This amendment would simply place all producers of milk on the same basis, whether they are protected by Federal orders or not.

I heartily favor adoption of the amendment.

Mr. MAYBANK. Mr. President, has the Senator from New York concluded his amendment?

Mr. IVES. Yes.

Mr. MAYBANK. I wish to submit an amendment to the amendment of the Senator from New York. I now send to the desk an amendment which I offer to his amendment, and ask that it be stated.

I may say that after long consultation with the Department of Agriculture and others——

Mr. IVES. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. IVES. Is the amendment of the Senator from South Carolina to my amendment in the form of a substitute?

Mr. MAYBANK. It is.

Mr. President, I ask that my amendment in the nature of a substitute for the amendment of the Senator from New York be stated.

The LEGISLATIVE CLERK. On page 45, line 16, after the period, it is proposed to add the following:

Whenever the Secretary of Agriculture finds that the minimum ceiling prices prescribed herein to producers of milk used for distribution for fluid milk in any marketing area not under a marketing agreement or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect milk supply and demand for milk and its products in any such marketing area, he shall determine such minimum ceiling prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest.

The VICE PRESIDENT. The question is on agreeing to the substitute amendment offered by the Senator from South Carolina to the amendment of the Senator from New York.

Mr. MAYBANK. Mr. President, let me say that last week I had a discussion with the Senator from New York about his amendment. I then took up the matter with the Department of Agriculture, and also had a lengthy conversation with Mr. Trigg, of the Department of Agriculture.

This morning I stated that the substitute I have now submitted had been suggested as a way to administer this measure in the interest of the people and in the way the Senator from New York wants it administered.

I told him that when he presented his amendment I would offer this amendment to it as a modification or a substitute which Mr. Trigg and others in the Department of Agriculture have approved and feel is feasible.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. TAFT. Has the committee considered the amendment?

Mr. MAYBANK. No.

Mr. TAFT. Do the other members of the committee favor it?

Mr. MAYBANK. I cannot answer that question.

Mr. TAFT. Is it not true that the whole subject of price controls in this respect has not been studied or given consideration by the committee? Is not milk only one of a thousand different commodities, the price of which would be fixed by the measure now under consideration?

Mr. MAYBANK. Mr. President, the Senator from New York will have to answer the Senator from Ohio on that

point. The Senator from New York brought in his amendment recently and I said I would discuss it, and I did.

Mr. TAFT. I have not the slightest objection to either amendment; I simply do not know anything about them. I merely call attention to the fact that neither does any other Member of the Senate of the United States.

Mr. IVES. Mr. President, do I have any time at this point?

The VICE PRESIDENT. The Senator from New York will have 5 minutes to speak on the amendment in the nature of a substitute offered by the Senator from South Carolina to the amendment of the Senator from New York.

Mr. IVES. I should like to take 5 minutes, or a part thereof.

The VICE PRESIDENT. Has the Senator from South Carolina concluded?

Mr. MAYBANK. I yield.

The VICE PRESIDENT. The Senator does not have to yield; the Senator from New York is entitled to 5 minutes in his own right, at this time.

Mr. IVES. Mr. President, I should like to state that although I would prefer the amendment which I myself have submitted, nevertheless I realize the problem which has been stated so well by the distinguished Senator from South Carolina. The amendment I have offered my not be workable. That being the case, I am perfectly willing to go along with the substitute amendment now offered by the Senator from South Carolina for my amendment.

In this instance, however, I would point out that the amendment I have offered is identical with a provision on this subject, now contained in the House bill.

Therefore, if the substitute amendment now offered by the Senator from South Carolina is adopted, after the Senate bill is passed and when a conference is had, the conferees will have an opportunity to consider both the amendment proposed by the Senator from South Carolina as a substitute for my amendment and the provisions of the amendment I have submitted, which are identical with the provisions of the House bill in this respect.

For this reason, I am perfectly willing to join with the Senator from South Carolina in favoring the adoption of his amendment in the nature of a substitute for my amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from South Carolina to the amendment of the Senator from New York.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the amendment of the Senator from New York, as amended.

The amendment, as amended, was agreed to.

Mr. MAYBANK. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 34, beginning with the comma in line 19, it is proposed to strike out through line 21 and insert a period and the following: "After consultation with the Board of Governors of the Federal Reserve System, the guaranteeing agencies may prescribe the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guaranties."

Mr. MAYBANK. Mr. President, this amendment rises from a recommendation contained in a letter from the Secretary of Defense, Mr. Johnson, dated August 11, relative to section 301 (c), page 34, lines 19 to 21, wherein the Federal Reserve Board is authorized "to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guaranties." Secretary Johnson in his letter to the chairman of the committee pointed out that this language is not in accordance with the practice which prevailed and which was successful in World War II. He states:

> It appears to permit the agent to prescribe to its principal the forms and procedures which both principal and agents shall use, notwithstanding that it will be the principal's funds which are committed, and it is a complete reversal of the authority and practice which prevailed so successfully in World War II under the V-loan program.

Because of the need of coordination on this matter, I discussed the matter with Mr. Joseph P. McMurray, of the committee staff, and also with the counsel for the Federal Reserve Board and with representatives of the Defense Department. The discussions resulted in complete agreement on the desirability of this amendment. I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the letter from Louis Johnson, the Secretary of Defense, dated August 11, 1950.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF DEFENSE,
Washington, August 11, 1950.

HON. BURNET R. MAYBANK,
Chairman, Banking and Finance Committee, United States Senate.

MY DEAR SENATOR: It has just been brought to my attention that section 301 (c) of S. 3936 as reported by your committee contains an amendment which may have serious implications. This is the provision which would leave to the Board of Governors of the Federal Reserve System, rather than to the President as in an earlier draft of the bill, or to the guaranteeing agencies as in Executive Order 9112, authority "to prescribe regulations governing the forms and procedures (which shall be uniform to the extend practicable) to be utilized in connection with such guaranties" (p. 34, lines 19–21, of committee draft).

There can be no objection to that portion of the quoted language which requires uniformity, and indeed there is now being prepared in this Office a directive designed to insure this feature. However, the language seems objectionable in two respects. It appears to permit the agent to prescribe to its principal the forms and procedures which both principal and agent shall use, notwithstanding that it will be the principal's funds which are committed, and it is a complete reversal of the authority and practice which prevailed so successfully in World War II under the V-loan program.

It would, for example, make the agent, rather than the guarantor the arbiter of important matters relating to the latter's financial commitment such as the form of the guaranty agreement, the extent to which the guarantor might review and prescribe protective terms for guaranteed loans or might require reports with respect to loans outstanding, and the terms upon which the guarantor must purchase the loans. Clearly, the authority of the Board should be confined to the operations of the Reserve banks and should not extend to such activities and obligations of the guaranteeing agencies.

Accordingly, I recommend either that the language quoted above be deleted from the bill or revised as suggested in the attached memorandum or that the language of the earlier draft giving this authority to the President be reinstated.

Sincerely,

LOUIS JOHNSON.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina lettered "N."

The amendment was agreed to.

Mr. CAPEHART. Mr. President, in line with what has just happened, and in accordance with it, I should like to propose an amendment, which I do not have printed, having just learned of the occasion for it this morning. The amendment is on page 32, under title III, after line 19, to strike out lines 20, 21, and 22, and insert "any single agency of government, or may create a new agency." I desire to state the problem that is involved, and I read from section 302 in order that Senators may get an idea of what I think should be done:

> In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement for the national defense as he may designate.

That is simply a duplication, with four or five agencies trying to do the very same thing. It would create chaos. I happen to know that a gentleman who was called here by the Secretary of Defense last week and who was asked to head up the agency which might well handle the loan turned it down flatly, because he said the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and half a dozen other agencies were all going to have their fingers in it. So he would not take the position, and turned it down.

All my amendment would do would be simply to permit the President to designate a single agency of government, or to create a new agency if he so desired, in order that the loan business might all be concentrated in one agency. As written, the Department of the Army will be handling loans, the Department of the Navy will be handling loans, the Department of the Air Force will be handling loans, the Department of Commerce will be doing the same thing, as will any other agency engaged in the procurement of goods. The result will be that it will cost 10 times as much as it would if it were done by 1 small agency which would

handle all loans made by the Government. I recommend that the Senate accept the amendment.

Mr. MAYBANK. Section 303 (c), on page 34, provides:

All actions and operations of such fiscal agents, under authority of or pursuant to this section, shall be subject to the supervision of the Board of Governors of the Federal Reserve System.

Mr. CAPEHART. That is correct.

Mr. MAYBANK. We included the provision regarding the Board of Governors of the Federal Reserve System at the request of members of the committee. I do not know which members, but the Board of Governors is given complete authority. I should hesitate to accept an amendment which had not been printed, particularly in view of the fact that the Board of Governors of the Federal Reserve System is supposed to have complete authority.

Mr. CAPEHART. The able Senator has missed the point entirely. The Federal Reserve Board will continue to act.

Mr. MAYBANK. I may have missed the point. It is rather difficult to understand an amendment which the distinguished Senator has stated he did not have printed. The legislative counsel and myself have been examining the provision, and we find that the Board of Governors of the Federal Reserve System will have complete authority.

Mr. CAPEHART. I want to say again that the amendment I propose has nothing to do with the Federal Reserve Board, which will continue to do everything that it is now doing under the law. Under the provision of the pending bill a half dozen agencies would be set up to do what could better be handled by one agency. The provision now in the bill would make for chaos and greatly increased expenditures. As I stated a moment ago, one of the finest men in the United States was called in last week and asked to take the job of doing the work called for by the bill, in respect to loans, to act simply as the agent, having nothing to do with the Federal Reserve Board. He said, "Absolutely not. I will not do it." He said, "No one else can do it and make it work, if each of these agencies is going to be dictating to the individual who is to be asked to administer this portion of the act." I am merely trying to be helpful to the President of the United States.

Mr. MAYBANK. Mr. President, will the Senator yield?

The VICE PRESIDENT. The Senator from South Carolina is recognized for 5 minutes.

Mr. MAYBANK. I appreciate the helpfulness of my friend from Indiana, who has been helpful in connection with many of the amendments. In committee we adopted several of them. But the Federal Reserve Board has the right to prescribe regulations in the interest of uniformity. In World War II the matter was handled under the Board of Governors of the Federal Reserve System, and we made a similar provision in this bill.

Mr. CAPEHART. The Federal Reserve Board still has all the power. The Senator is missing the point entirely in respect to what we are trying to do. My suggestion is that instead of having the matter handled by a half dozen different departments, we have the matter handled by one man or one agency, under the supervision of the Federal Reserve System.

Mr. MAYBANK. It was done this way in World War II. I am not missing the point. Federal Reserve legislation and OPA legislation and many other kinds of legislation are attempted to be written into the bill on the floor. The power is lodged in the Federal Reserve System, and was handled successfully in the last war by the Board of Governors.

Mr. CAPEHART. The various agencies handled it in World War II, and it was a very complicated matter. It did not work properly. If the Senator will consult the Secretary of Defense, he will learn that the Secretary prefers the matter to be handled as I have suggested.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

Mr. TAFT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. TAFT. What is the amendment? I have not heard the amendment read.

The VICE PRESIDENT. It has been stated.

Mr. TAFT. I suggest that the Senator from Indiana might very well take up the matter with the chairman of the committee to see what can be accomplished. What has been adopted would not coordinate this procedure. It merely provides that after consultation with the Board of Governors, the guaranteeing agencies may prescribe forms and procedures to be utilized. It does not say they shall coordinate the actual loans after the forms have been prescribed. It seems to me something might be accomplished along the line suggested by the Senator from Indiana if he would write an amendment.

The VICE PRESIDENT. Debate having been exhausted, the question is on agreeing to the amendment offered by the Senator from Indiana, as it is.

Mr. CAPEHART. I should be very happy to withdraw it. It makes no difference to me. If the Senator from South Carolina will consult with the Secretary of Defense, he will find that the Secretary prefers to have it handled in the manner I have suggested.

Mr. MAYBANK. If I were to consult each of the secretaries, as the committee knows, each of them would have a different idea. We followed the law which was in effect during World War II, and we believe that the proper way to handle it is under the regulations of the Federal Reserve Board.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Indiana.

The amendment was rejected.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. AIKEN. Mr. President, may I suggest——

The VICE PRESIDENT. The Chair cannot recognize the Senator from Vermont, because the time now is controlled by the two Senators.

Mr. AIKEN. Mr. President, I should like to know what Senators in the front row are saying. When they face the Vice President, we who are seated in the rear of the Chamber are unable to hear what they are saying. We just voted on an amendment, and I do not know what explanation of it was made by either Senator, because when a Senator faces the Chair, we are unable to hear him, though we are seated but three rows back of him.

The VICE PRESIDENT. The Chair regrets that condition, but there is not much the Chair can do about it, unless he insists that Senators either raise their voices or turn around. It is not so essential that the Chair hear the discussion as it is that Senators hear it, although the Chair, of course, is always interested. The bill is open to further amendment.

Mr. MAYBANK. I send to the desk my amendment "O," dated August 18, 1950, respecting V-loan guaranties.

The VICE PRESIDENT. The Secretary will state the amendment.

The legislative clerk read the amendment as follows:

On page 32, line 18, after "deliveries" insert "or services."

On page 33, line 13, after the word "deliveries" insert "or services."

On page 33, line 14, after the word "materials" insert "or the performance of services."

On page 35, line 3, after "deliveries", insert "or services."

On page 35, line 4, after "materials" insert "or the performance of services."

On page 35, line 7, after "enterprises" insert the following: "(including research corporations not organized for profit)."

The VICE PRESIDENT. The Senator from South Carolina is recognized for 5 minutes.

Mr. MAYBANK. Mr. President, I have a letter from the Secretary of Defense on this subject. I understand it was the feeling of the Armed Services Committee that this was the thing to do. I have here an explanation of the amendment, which I send to the desk.

The VICE PRESIDENT. The Secretary will read the explanation.

The Chief Clerk read as follows:

This amendment would extend the V-loan-type guaranty provided for in section 301 of the bill and the direct loans provided for in section 302 of the bill to contracts and operations providing for the performance of services. Those sections now apply only to contracts or operations providing for the production and delivery of materials. I do not believe that the committee intended to exclude contracts and operations involving the performance of services from those provisions. Service contracts which this amendment would provide for would include contracts for the transportation of miiltary personnel or of goods previously delivered, management contracts, surveying and map-making contracts, and research contracts. I think the importance of expediting such contracts is obvious, and I hope that the amendment will be adopted.

The amendment would also make it clear that contracts with nonprofit research corporations would be covered.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. MAYBANK. Mr. President, I send to the desk another amendment which I offer on behalf of myself, the Senator from Virginia [Mr. ROBERTSON], and the Senator from Kentucky [Mr. CHAPMAN].

The VICE PRESIDENT. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 44, line 11, it is proposed to strike out "higher of the two" and insert in lieu thereof "highest of the."

On page 44, line 20, to strike out "differentials; and no" and insert the following: "differentials, or, (iii) in the case of any commodity for which the market was not active during the period May 24 to June 24, 1950, the average price received by producers during the most recent representative period prior to May 24, 1950, in which the market for such commodity was active as determined and adjusted by the Secretary of Agriculture to a level in line with the level of prices received by producers for agricultural commodities generally during the period May 24 to June 24, 1950, and adjusted by the Secretary for grade, location and seasonal differentials, or (iv) in the case of fire-cured tobacco a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 75 percent of the parity price of Burley tobacco of the corresponding crop, and in the case of dark air-cured tobacco and Virginia sun-cured tobacco, respectively, a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 66⅔ percent of the parity price of Burley tobacco of the corresponding crop. No."

On page 44, line 25, to strike the word "higher" and insert in lieu thereof "highest."

On page 45, line 10, before the period, to insert a semicolon and the following: "and in establishing the ceiling (1) for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this act and for which different areas have different periods of marketing during such season or (2) for any agricultural commodity produced for the same general use as a commodity described in (1), the President shall give due consideration to affording equitable treatment to all producers of the commodity for which the ceiling is being established."

Mr. MAYBANK. Mr. President, this amendment is designed to facilitate realistic and equitable administration of agricultural commodity ceilings.

Senate bill 3936 as reported by the committee and amended on the floor prohibits the establishment of any ceiling on agricultural commodities below (1) the parity price of such commodity or (2) the price received by producers during the period May 24 to June 24, 1950. There are a number of agricultural commodities which because of their seasonal nature were not marketed during this period, hence the effective minimum ceiling prices for those commodities would be the parity price. The provision contained in the amendment adding section 402 (e) (3) (iii) establishes an additional minimum ceiling price which will be applicable to these commodities for which the market was not active during the specified period. Such price will be the average price received by producers during the most recent representative period prior to May 24, 1950, as determined by the Secretary of Agriculture, in which the market for such commodity was active, adjusted to a price in line with the level of prices received by producers for agricultural commodities generally during the period May 24 to June 24, 1950.

This will tend to assure an equality in treatment between producers whose commodities were not marketed during the period May 24 to June 24, 1950, and producers of commodities which were marketed during the specified period.

Under existing law the price of fire-cured tobacco is mandatorily supported at 75 percent of the loan rate of Burley tobacco of the corresponding crop, and the prices of dark air-cured tobacco and Virginia sun-cured tobacco are mandatorily supported at 66⅔ percent of the loan rate of Burley tobacco. The provision contained in the amendment adding section 402 (e) (3) (iv) would insure minimum ceiling prices for these commodities which would be the same percentage above the support price as the minimum ceiling for Burley tobacco is above the support price for Burley.

The second part of the amendment requires the President in establishing maximum prices for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this act and for which different areas have different periods of marketing during such season to give due consideration to affording equitable treatment to all producers of such agricultural commodity in the areas.

Some agricultural commodities have already been marketed at prices above the minimum ceiling prices specified in this section. The proposed amendment would require that due consideration be given to the establishment of ceiling prices on these commodities at levels which will afford producers in all marketing areas an opportunity to receive the prices obtained by the producers who marketed such commodities in areas prior to the enactment of this act. This paragraph also requires that due consideration be given to affording similar equitable treatment to producers of commodities that are similar to and produced for the same general purpose as commodities for which the marketing season began prior to the enactment of this act. This provision is limited to ceilings which may be established only during the 1950 marketing season and, therefore, may prove to be of limited applicability.

I urge that the amendment be adopted.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. ROBERTSON. These changes were in the former OPA law, were they not?

Mr. MAYBANK. I understand that was the case.

Mr. ROBERTSON. The House bill contains a provision which is rather vague in its meaning. It is similar to this proposal, except that it takes care of all types of tobacco except Burley tobacco, which has a different marketing season from that of the other varieties of tobacco.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. TAFT. Mr. President, the Senator has a provision in his amendment which I do not understand. I do not think it is in the old act. It provides that the administrator shall take the average price received by producers during the most recent representative period in which the market was active, and then that it shall be adjusted to a level in line with the level of prices received by producers of agricultural commodities generally during the period May 24 to June 24, 1950.

What does that mean?

Mr. MAYBANK. It means that if a commodity was not being sold between May 24 and June 24, its price shall be fixed so as to correspond with the general price level during that period.

The VICE PRESIDENT. The time of the Senator from South Carolina has expired.

Mr. CAPEHART. Mr. President——

Mr. THYE. Mr. President, I desired to be recognized.

The VICE PRESIDENT. The Chair could not recognize the Senator from Minnesota because the time is under the control of the Senator from South Carolina and the Senator from Indiana.

Mr. CAPEHART. Mr. President, I shall be happy to yield to the Senator.

Mr. THYE. Mr. President, I should like to make a comment relating to dairy products. I could not quite understand whether dairy products would have parity or whether the prices which prevailed in the section involved would be the prices for dairy products.

Mr. MAYBANK. Does the Senator ask me that question?

Mr. THYE. Yes, I do.

Mr. MAYBANK. As I remember, only four products were above parity, and it was understood that in general parity would be considered, but the price would be parity or the market price whichever was the highest. Special provisions are made for milk, to be consistent with the Agricultural Marketing Agreement Act.

Mr. THYE. Prices of dairy products were exceedingly low in the month of June.

Mr. MAYBANK. They are seasonal products.

Mr. THYE. Likewise eggs.

Mr. MAYBANK. They are a seasonal product.

Mr. THYE. Would they receive parity?

Mr. MAYBANK. Yes; the ceiling could not be fixed below parity.

Mr. THYE. Dairy products and eggs would receive parity, because for them the prices were below parity in the month of June.

Mr. MAYBANK. That is my understanding, Mr. President.

The VICE PRESIDENT. The Chair recognizes the Senator from Indiana.

Mr. THYE. Mr. President——

Mr. MAYBANK. Mr. President, may I conclude my statement to the Senator from Minnesota?

The VICE PRESIDENT. The Senator from Indiana has the floor.

Mr. MAYBANK. Will the Senator yield?

Mr. CAPEHART. I will yield only for half a minute.

Mr. MAYBANK. It was my definite understanding as to dairy products and eggs, because they were seasonal operations at that time, that parity would be the effective price for them.

Mr. CAPEHART. I do not know whether it is a good amendment or a bad amendment. I doubt whether any Senator on the floor knows whether it is a good or bad amendment. This matter should have been handled by the Department of Agriculture. It is another reason why we should have held a public hearing on the bill. We are trying to write an OPA law on the floor of the Senate. I certainly cannot advise anyone as to whether it is a good amendment or a bad amendment.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CAPEHART. Yes.

Mr. THYE. Do I understand that there is a provision in the bill which provides that no regulation or price can be imposed without first having a hearing at which interested persons may appear and testify as to how it would affect the economy?

Mr. CAPEHART. The committee had no hearings on this subject. The Senator from Minnesota knows as much about it as members of the committee know about it. All that has been said on the matter has been said here in the past 5 minutes.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. THYE. I understood and was informed by the chairman of the committee at an earlier time that while a hearing had not been held, any regulation imposed upon an industry or a producer could not be put into effect until such time as a public hearing had been held and the interested parties had had an opportunity to be heard.

Mr. CAPEHART. That is not a correct statement. The bill does not require it.

Mr. THYE. Then I should like to suggest that the Senators who are in charge of the time, the Senator from South Carolina [Mr. MAYBANK] and the Senator from Indiana [Mr. CAPEHART], settle their differences, because I notice the Senator from South Carolina is nodding his head in approval, and the Senator from Indiana says no.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SALTONSTALL. I thank the Senator from Indiana. I should like to ask the Senator from South Carolina a question. The amendment considers tobacco, and would control the price of tobacco as one of the agricultural products mentioned in it. Will the Senator from South Carolina at the proper time, if this title of the bill becomes law, accept an amendment including fish and processing of fish? That industry suffered greatly during OPA days.

Mr. MAYBANK. This amendment was drawn and discussed with the Agricultural Committee, and also with Mr. Trigg. It was discussed for several days last week. It was suggested that this would be the only way in which to deal equitably with products which had no marketing season in that period.

The VICE PRESIDENT. The time of the Senator has expired. All time for debate on this amendment has expired.

Mr. WILLIAMS. Mr. President, I sent to the desk a substitute for the amendment offered by the Senator from South Carolina.

The VICE PRESIDENT. The Senator from Delaware offers a substitute in lieu of the amendment proposed by the Senator from South Carolina, which will be stated.

The LEGISLATIVE CLERK. On page 44, beginning in line 11 with the word "higher", it is proposed to strike out through line 16; on page 44, line 25, to strike out the word "higher"; on page 45, beginning in line 10 with the word "nothing", to strike out through line 16; and on page 43, line 24, beginning with the comma, to strike out through the word "subsection."

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Delaware is recognized for 5 minutes.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. WHERRY. I understand the mover of an amendment is recognized for 5 minutes, and he is in control of that time under the unanimous-consent agreement.

The VICE PRESIDENT. The Senator is correct.

Mr. WHERRY. Therefore, the mover of a substitute is in control of that time.

The VICE PRESIDENT. He is in control of 5 minutes on the substitute.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MAYBANK. Mr. President, when the Senator who moves an amendment has concluded his remarks, then——

The VICE PRESIDENT. The chairman of the committee is then entitled to 5 minutes on the amendment.

Mr. WILLIAMS. Mr. President, the purpose of the amendment offered by the Senator from South Carolina is to exempt tobacco along with certain other agricultural commodities from any prospective roll-back of prices. If we are to consider the purpose of this legislation as being to control prices, it is absurd to start exempting a series of different commodities. If we are going to exempt agricultural commodities, we must also exempt wages. If we are to exempt both wages and prices, what are we talking about? The amendment I offer as a substitute would strike out not only the provisions of the amendment offered by the Senator from South Carolina, but also strikes out all other provisions in the bill which exempts any agricultural commodity from a prospective roll-back in prices.

Mr. MAYBANK. Mr. President, the amendment I sent to the desk was not a roll-back amendment. It was an amendment on which the Department of Agriculture and several Senators conferred at length, because there was no marketing season for such commodities. I should like to refer to the Senator's amendment, if I may. In the amendment a provision is included which reads:

> Notwithstanding any other provision of this act, whenever the President decides that either price ceilings or wage stabilization is necessary, he must simultaneously declare both into effect as of the same base period, such base period being a 30-day period selected prior to June 24, 1950.

Mr. WILLIAMS. My modification omitted that paragraph. I intend to offer that later provision as a separate amendment. It will be included in a separate amendment.

Mr. MAYBANK. Will the Senator tell me what his amendment consists of?

Mr. WILLIAMS. It is amendment 8–18–50–F, with the exception of the first paragraph, which will be offered as a separate amendment.

Mr. MAYBANK. I apologize to the Senator from Delaware. When he mentioned his amendment 8–18–50–F, I thought the amendment which he had offered was the one he referred to.

Mr. WILLIAMS. The amendment which I am offering now strikes out the proposed exemption for certain agricultural products. The effect, if accepted, would be that all agricultural products would be treated on a basis of equality with wages. If prices and wages are rolled back to some date prior to June 24, no exceptions would be provided for any agricultural commodity.

Mr. MAYBANK. The second part of the amendment proposes to limit the ceiling on agricultural commodities to the average price received by producers on June 15, 1950. Provisions of the bill with respect to parity and minimum prices for milk under the Agricultural Marketing Agreement Act are the result of long and careful study by the Congress designed to bring agricultural producers fair prices for their products. This principle should be recognized in this bill. Many amendments have been proposed which are designed to undo what the Committee on Agriculture and the Department of Agriculture has done for years. We have an 80-percent parity amendment proposed to this bill. I do not know whether such amendments are germane, but I, for one, will not undertake in connection with this bill to legislate on subjects over which the Committee on Agriculture has jurisdiction instead of the Committee on Banking and Currency.

Mr. KEM. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. KEM. I understood the Senator to say a minute ago that the amend-

ment is one that he had offered and had been discussed with the Committee on Agriculture.

Mr. MAYBANK. I said Department of Agriculture.

Mr. KEM. As a matter of fact it has not been taken up with the Committee on Agriculture.

Mr. MAYBANK. The Senator is correct. The Senator from Virginia [Mr. ROBERTSON] and the Senator from Kentucky [Mr. CHAPMAN], and Mr. Trigg were present, and Mr. Trigg said this was the only way it could be worked out.

Mr. KEM. Were any hearings held in which people who were interested in agriculture were given an opportunity to present their views?

Mr. MAYBANK. Yes. Mr. O'Neil was there. The Farm Bureau was represented. There were present many who are interested in agriculture, outside of the Committee on Agriculture and Forestry.

Mr. CAPEHART. I am not going to let that statement go unchallenged. No one testified on this amendment in the Committee on Banking and Currency.

Mr. MAYBANK. I did not say anyone had.

Mr. CAPEHART. What did the able Senator just say?

Mr. MAYBANK. Let us keep the record straight. The Senator from Missouri asked if anyone appeared before the committee who was favorable to agriculture. I said that of course some had appeared in favor of agriculture. The Grange appeared. The Senator was present when Mr. Gauss appeared, and we had a statement by him. Mr. Kline appeared. But I never said they appeared in behalf of this amendment.

Mr. CAPEHART. They appeared, but not in behalf of this amendment.

Mr. MAYBANK. I did not say they did. I said no one appeared except the Senators who talked to me, and it was not a committee amendment. Mr. Trigg, of the Department of Agriculture, and others suggested that the amendment proposed a fair and equitable way of handling the matter. But there was no hearing on this amendment, and it is not a committee amendment. That is why it is offered with the names "MAYBANK-CHAPMAN-ROBERTSON" on it.

Mr. CAPEHART. No one appeared before the committee in open hearing on title 4 or 5, or upon the subject we are discussing at the moment.

Mr. MAYBANK. Mr. President, I cannot agree with the Senator from Indiana that no one appeared on titles 4 and 5, because we had before us the Farm Bureau, the Grange, the Farmers' Union, and many others. Representatives of the cotton people also appeared on the matters dealt with by those titles.

Mr. CAPEHART. When those gentlemen appeared, titles 4 and 5 had not been written and had not even been discussed; they were not even in existence.

Mr. MAYBANK. Of course titles 4 and 5 were not there, but we needed the advice of other people——

The VICE PRESIDENT. The time of the Senator has expired. All time for debate on the substitute has expired. The question is on agreeing to the substitute offered by the Senator from Delaware [Mr. WILLIAMS].

The amendment, in the nature of a substitute to the amendment, was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. JOHNSON of Colorado. Mr. President——

The VICE PRESIDENT. All time on the amendment has expired. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. MAYBANK] for himself and the Senator from Virginia [Mr. ROBERTSON] and the Senator from Kentucky [Mr. CHAPMAN]. [Putting the question.] The Chair is in doubt.

Mr. MAYBANK. I ask for a division.

On a division, the amendment was agreed to.

Mr. GILLETTE. Mr. President, I call up an amendment I have at the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 65, between lines 2 and 3, it is proposed to insert the following:

SEC. 606. (a) To assist in carrying out the purposes of this act, each commodity exchange, whether or not designated as a contract market under the Commodity Exchange Act, shall take all action reasonable and necessary to prevent excessive speculation on margins in commodities traded in for future delivery on such commodity exchange. For the purpose of this section, excessive speculation shall mean (1) speculative trading in a volume in excess of the volume reasonably necessary to absorb hedging trades, or (ii) speculative trading of a character which causes or tends to cause unreasonable fluctuations or unwarranted changes in price.

(b) In furtherance of the purpose of this section the Secretary of Agriculture shall, whenever he has reason to believe there is, or is danger of, excessive speculation in any commodity traded in for future delivery on any commodity exchange, inform the appropriate control committee or officer of such commodity exchange, stating his reasons.

(c) For the purpose of this section, "commodity" shall mean and include any and all agricultural and forest products and by-products, whether or not produced in the United States.

On page 63, line 15, strike out "section 601 or 602" and insert in lieu thereof "section 601, 602, or 606."

Mr. GILLETTE obtained the floor.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. MAYBANK. The original bill contained section 411 which made it mandatory for the various commodity exchanges of the country to come under the authority of the President or whomsoever the President might appoint. The committee rejected that provision, believing that we should not legislate on agricultural business. Then it was suggested that such an amendment might be proposed, and it was discussed with me. I said that the Committee on Banking and Currency was not trying to rewrite the commodity and exchange laws of the country.

The Senator from Iowa has been a diligent student and an able and capable member of the Committee on Agriculture and Forestry in trying to rewrite the laws relating to the commodity exchanges. I have discussed the amendment with him this morning, and he tells me the amendment provides for purely voluntary action on the part of the exchanges, giving them some authority to police themselves. He says there is nothing mandatory about it, that it does not put the exchanges under the Secretary of Agriculture, any more than they are now under him, or under the President, but that it makes it purely voluntary for the exchanges to police themselves. If I am mistaken, I wish the Senator would correct me.

Mr. GILLETTE. Mr. President——

The PRESIDING OFFICER (Mr. HOEY in the chair). The Senator from Iowa.

Mr. GILLETTE. The distinguished chairman of the committee is entirely correct. Section 411 was in both bills, the House version and the pending bill. It provided for policing of the commodity exchanges by governmental agencies, just as the Federal Reserve Board polices the stock exchanges. But because of the fact that there was a feeling that this was amendatory of the Commodity Exchange Act, which is legislation of long standing, and should not be adopted as a part of this bill, the House eliminated it by a vote of 198 to 194, and the Senate committee eliminated it from the Senate version of the bill, the bill now pending, for the same reason, I believe, the chairman has just stated.

In order to meet a situation which has developed in the last 2 or 3 weeks, when prices of commodities and dealing in commodities on the exchanges have run hog-wild——

Mr. THYE. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. THYE. Have they not authority to so police themselves now?

Mr. GILLETTE. Oh, yes; definitely they have that authority now.

Mr. THYE. Will not this amendment confuse? Will it not put fear into someone that it is mandatory? So long as they have the authority now and can do everything the amendment proposes, would we not be confusing the issue?

Mr. GILLETTE. I am sure the amendment will not confuse the issue, for the reason that they have the right to police themselves, but they are not compelled to police themselves.

Mr. THYE. Does this amendment compel them?

Mr. GILLETTE. It compels them to the extent that the Department of Agriculture can give them notice, if it thinks they are not adopting reasonable regulations, and under the penalizing provisions of the bill they will be brought under the law. A district court will have jurisdiction, and will determine whether or not the regulations are reasonable. The amendment will give that much control over them; but the policing will be entirely voluntary.

I am sorry the amendment could not be offered in time so that Senators could read it, but the Department of Agriculture sent it to me this morning, and this is the first I have seen it.

If it develops that housewives have a few extra pounds of sugar we are holding them responsible, and yet without any regulation at all we are letting the gam-

blers and speculators operate in thousands and thousands of pounds.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield to the Senator from North Dakota.

Mr. LANGER. If the amendment were agreed to, would it stop the selling of phantom wheat and other commodities, commodities which do not exist?

Mr. GILLETTE. Oh, no, it would not stop trading in futures. Trading in futures, of course, is in effect dealing in commodities which do not exist, because the transactions are not completed. It will ask the exchanges to regulate themselves, and will subject them to be brought under the jurisdiction of the courts, if they do not adopt reasonable regulations.

Mr. SPARKMAN. Mr. President, I wanted to ask the able Senator from Iowa that very question. It seems to me the action set forth here is wholly voluntary. In other words, it is voluntary policing.

Mr. GILLETTE. It is.

Mr. SPARKMAN. But in the very last provision the Senator makes violators subject to the penalty clause contained in section 603 of the bill.

Mr. GILLETTE. Yes.

Mr. SPARKMAN. I do not see who, under the provision of the first three paragraphs, would be answerable to that penalty except the Secretary of Agriculture. It seems to me the only person who is directed to do something is the Secretary of Agriculture. He shall report these things. It seems to me that if he fails to report he would be subject to the penalty. I do not see how anyone else can be subject to the penalty. I ask that for information, because I think the Senator is aiming at a very good objective.

Mr. GILLETTE. Mr. President, I read from the amendment:

> To assist in carrying out the purposes of this act, each commodity exchange, whether or not designated as a contract market under the Commodity Exchange Act, shall take all action reasonable and necessary to prevent excessive speculation on margins in commodities traded in for future delivery on such commodity exchange.

It would fix margins at 100 percent, which would eliminate trading on margins. This will never be necessary. But if an exchange fails to take reasonable action when necessary, it and its officers and agents are subject to fine and imprisonment under section 603. A fine of $5,000 would not make much difference to a commodity exchange. But under section 706 of the bill, the district courts of the United States are given jurisdiction over violations of the act generally and may enjoin any violation. So that with the provision that they are required to police themselves with reasonable regulation, if they do not, it would be a question of fact for the district court.

Mr. MAYBANK. What would be reasonable regulations? Very frankly I will say the first I saw of this amendment was about an hour ago. As I understand, its provision is purely voluntary.

Mr. GILLETTE. Definitely.

Mr. MAYBANK. I understand that the only person who could violate it would be the officers of an exchange.

Mr. GILLETTE. Yes.

Mr. MAYBANK. How could they violate a voluntary agreement?

Mr. GILLETTE. The question, under the penalizing clause, would be determined by the district court which has jurisdiction to determine whether they are carrying out the injunction to police themselves reasonably. It would be a question of fact for the district court.

Mr. MAYBANK. What would the fine be?

Mr. GILLETTE. Five thousand dollars is the fine. I may say to the distinguished Senator from South Carolina, who said he saw the amendment only an hour or so ago, that I saw it only a few hours ago.

Mr. AIKEN. Mr. President, will the Senator from South Carolina yield to me so I may ask the Senator from Iowa a question?

Mr. MAYBANK. I yield.

Mr. AIKEN. Who determines whether the commodity exchanges have complied with the purpose or the letter of the law, assuming that the amendment might be written into the law?

Mr. GILLETTE. Under the penalty clause it would be the district court that would have jurisdiction.

Mr. AIKEN. And what is the penalty if they do not comply?

Mr. GILLETTE. A fine of $5,000.

Mr. AIKEN. In other words, they offer voluntary compliance, but if they do not comply they are subject to a fine.

Mr. GILLETTE. Yes.

Mr. AIKEN. And that is a single fine of $5,000?

Mr. GILLETTE. It brings them under the penalty clause that is contained in the bill.

Mr. MAYBANK. For everything.

Mr. SPARKMAN. Mr. President, will the Senator yield so I may ask the Senator from Iowa a question?

Mr. MAYBANK. I yield.

Mr. SPARKMAN. This provision, as I understand, has to do with general policing, and is not subject to the weakness that section 411 was subject to, which sought to control merely by controlling margins.

Mr. GILLETTE. That is true. Section 411 was amendatory to the Commodity Exchange Act. This is not. But the control sought under the original section 411 was purely one of defining the margins across the board, which I thought was one of the weaknesses, because it hit the legitimate trader as well as one who was merely speculating. This calls for self-policing in every way it may be done, and particularly safeguards legitimate trading in the commodity.

Mr. GILLETTE. Under reasonable regulations.

Mr. SPARKMAN. And as to punishment, that would have to be in a case where there simply had been willful disregard of the entire policing, would it not?

Mr. GILLETTE. Should the district court so find on the facts presented.

Mr. SPARKMAN. Yes. In other words, the amendment does not lay down specific things to be done and not to be done and make them subject to penalty?

Mr. GILLETTE. Not at all.

Mr. CAPEHART. Mr. President, I ask unanimous consent to have one-half minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CAPEHART. Mr. President, if the amendment is strictly 100 percent voluntary and there is nothing mandatory in it, then why does it come under the criminal section?

Mr. TAFT. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. TAFT. I move to strike out the last two lines of the amendment of the Senator from Iowa, which are as follows:

> On page 63, line 15, strike out sections 601 and 602 and insert in lieu thereof sections 601, 602, or 606.

That would mean that any person who wilfully violated the provisions of section 606 could be fined not more than $1,000. Now what is the crime? It is a violation of the provision that they shall take all action reasonable and necessary to prevent excessive speculation. In subsection (b) it is provided that "the Secretary of Agriculture shall, whenever he has reason to believe there is, or is danger of, excessive speculation in any commodity traded in for future delivery on any commodity exchange, inform the appropriate control committee or officer of such commodity exchange, stating his reasons."

The Secretary of Agriculture, I take it, determines what action is necessary to prevent excessive speculation, namely to raise the margin from 30 to 60 percent. I have no strong feeling about the section, but this is a restatement of the provision the committee struck out. I do not object to the voluntary provision, but if this is supposed to be a voluntary proposal, let us make it a voluntary proposal. As a matter of fact, as it is, it gives more discretion to the Secretary of Agriculture to determine what is reasonable action than the original section did.

Mr. MAYBANK. Mr. President, how much time do I have left?

The PRESIDING OFFICER. None.

Mr. MAYBANK. The Senator from Iowa offered an amendment. Is it agreeable to the Senator to accept the amendment suggested by the Senator from Ohio [Mr. TAFT], to strike out the last two lines of the amendment, and make the provision purely voluntary, with the hope that the Secretary of Agriculture and the commodity exchanges can get together and straighten out the situation by themselves?

Mr. GILLETTE. I cannot accept that amendment, because then we would simply request them to police themselves. There would be no authority behind the request. There would be no way to hold them responsible. That would be an entirely different provision.

Mr. THYE. Mr. President, will the Senator from South Carolina yield?

Mr. MAYBANK. I yield.

Mr. THYE. Mr. President, I should like to make a comment on the statement made by the able Senator from Iowa, because it was the exact answer I received when I previously raised the question, first, that it was entirely a voluntary policing. But when we study and digest the amendment we find the penalties, and the full effect of the penalties written into the amendment. Therefore the two answers I received simply do not coincide or jibe, because one was that it was a voluntary policing, and the other one emphasized a $5,000 penalty.

Mr. MAYBANK. Mr. President, I ask unanimous consent to be recognized for 5 minutes in my own time.

Mr. WHERRY. How much time does the Senator from Ohio have? Is it 5 minutes?

Mr. TAFT. Mr. President, does the Senator from Minnesota desire any time? I shall be glad to yield the Senator 2 minutes.

Mr. MAYBANK. Mr. President, I have 5 minutes. I yield to the Senator from Minnesota to ask the Senator from Iowa a question.

Mr. THYE. Mr. President, may I be recognized?

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 2 minutes.

Mr. THYE. Mr. President, I asked the question whether this is a voluntary policing operation on the part of the trade. I was informed it was strictly voluntary. Then as we began to examine the proposed amendment we found that the penalty provision of $5,000 is written into the amendment, and that $5,000 can be imposed without any question whatsoever. Until such time as we definitely are certain that it is a voluntary policing operation and authorization under the act, I certainly do not feel that I can justifiably vote in favor of the amendment or agree to accept it.

Mr. GILLETTE. I regret very much that I was unable to make the matter clear. As I see it, section 411 provided authority for a governmental agency to issue regulations for commodity exchanges. If that provision had been adopted, the penalizing provision would have applied to a violation of the regulations.

However, section 411 has been stricken out, and now this amendment proposes that in lieu of having the governmental agency issue regulations, the commodity exchanges shall be asked voluntarily to police themselves with reasonable regulations.

The first provision of the amendment states that they are directed to police themselves and to apply reasonable regulations. The question of whether the regulations are reasonable is one for the district court to determine. At no point is there a governmental regulation, if this amendment is adopted.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. BRICKER. Is not the contrary true, namely, that the Secretary of Agriculture can notify the commodity exchange as to the appropriate controls which he thinks ought to be imposed in order to take reasonable action to prevent excessive speculation; and if that is not complied with and if excessive speculation is not prevented, then, in the words of the Secretary of Agriculture, the commodity exchange can be haled into court and prosecuted and penalized under section 606. If the provision does not mean that, I do not see that it has any meaning at all.

Mr. GILLETTE. Mr. President, I think the Senator is incorrect. The amendment suggests that the Secretary of Agriculture with the reports and the information he has, can call attention——

Mr. BRICKER. Mr. President, "inform" is the word that is used—a positive direction to the commodity exchange in regard to what is reasonable and necessary in order to prevent excessive speculation. If the language does not mean that, then there is no meaning at all to it.

Mr. GILLETTE. No; he would inform them as to the facts. They are to police themselves by means of regulations which they regard as reasonable. They adopt the regulations after the facts they obtain are before them and after the facts brought to their attention by the Secretary of Agriculture are before them. If the regulation they adopt then is unreasonable, they will be subjected to the penalty clause. No regulation is issued by any governmental agency whatsoever.

Mr. BRICKER. But the information given them by the Secretary of Agriculture fixes the standards upon which they must determine whether there is excessive speculation.

Mr. GILLETTE. It is undoubtedly a fact that a district court would take into consideration if it was determining the reasonableness or unreasonableness of the regulations issued.

Mr. BRICKER. Then under the amendment there will be three paragraphs of indefinite premises, finally leading up to a provision that the Secretary of Agriculture shall inform the commodity exchange what it will have to do if it is not to be subjected to a penalty of $5,000 for failure to comply.

Mr. GILLETTE. But the alternative is to leave them with no regulation whatsoever, free to proceed hog wild, and thus permit speculation to force up commodity prices.

Mr. BRICKER. Is the Senator of the opinion that there is an influence on prices as a result of the operations of commodity exchanges?

Mr. GILLETTE. Definitely.

Mr. BRICKER. Then the Senator is of an opinion different from that of the Joint Committee on the Economic Report, which says there is no effect on the prices of commodities as a result of such trading or operations.

Mr. GILLETTE. When was that report issued?

Mr. BRICKER. About 6 months ago.

Mr. GILLETTE. The situation has changed, and in the last 6 weeks prices have run wild.

Mr. BRICKER. What is the nature of the report of the Senator's committee?

Mr. GILLETTE. We have made parts of the report, which now is pending; and we are continuing our investigation.

Mr. BRICKER. Does not the Senator agree that we should have that information before we give a blanket endorsement to a proposal of this kind, when we do not know what it means? Should not we have that information before we provide a penalty of $5,000, by way of fine, for each violation of an order of the Secretary of Agriculture?

Mr. GILLETTE. Mr. President, I wish it were possible to obtain the information. We are bending every effort to obtain it.

In the meantime, the only alternative is to leave the matter wide open and permit these persons to run away with the situation.

Mr. BRICKER. Mr. President, I am not in favor of leaving the situation wide open, but I think we should have before us first the facts bearing on the matter.

The PRESIDING OFFICER. All time has expired.

Mr. SPARKMAN. Mr. President, is the pending question on agreeing to the amendment of the Senator from Ohio [Mr. TAFT] to the amendment of the Senator from Iowa [Mr. GILLETTE]?

The PRESIDING OFFICER. That is correct. To the amendment of the Senator from Iowa [Mr. GILLETTE], the Senator from Ohio has offered an amendment to strike out the penalty provision.

The question now is on agreeing to the amendment of the Senator from Ohio to the amendment of the Senator from Iowa. [Putting the question.]

Mr. WHERRY. Mr. President, I ask for a division.

On a division, the amendment to the amendment was rejected.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from Iowa.

The amendment was agreed to.

Mr. JOHNSON of Colorado. Mr. President, I call up my amendment, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 29, in line 13, after "SEC. 101", it is proposed to insert "(a)"; and on page 29, after line 24, it is proposed to insert the following new subsection:

(b) Except as provided in section 403, the authority conferred upon the President under this section shall be exercised by the Secretary of Commerce.

Mr. JOHNSON of Colorado. Mr. President, the amendment which I have offered is a very simple one; but if we are to profit by the mistakes we made in the last war, I submit that its adoption is of vital importance. The amendment provides in substance that the exercise of the authority under section 101, title I, of the pending bill, entitled "Priorities and Allocations," be conferred upon the Secretary of Commerce, with the exception of consumer rationing, which is dealt with separately in the bill under section 403.

During the rearmament period which preceded the last war, our efforts to prepare ourselves were seriously hampered by the dispersion among several agencies of authority for the control and production of scarce materials. Many of these agencies were new and inexperienced. Their functions were not clearly delineated. As a result of interagency rivalries and conflicting policies, it was necessary time after time for the President to issue new reorganizing executive orders. To bring order out of chaos, agencies were succeeded by super-agencies, and in turn by ultra-super-agencies.

The pending bill keeps priorities and allocations in one package in the Government. We cannot separate priorities and allocations and still have a good job done. However, more than that, we should keep both of them together and should keep the entire matter in one agency of Government. That is the purpose of my amendment.

Mr. MAYBANK, Mr. SALTONSTALL, and other Senators addressed the Chair.

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Colorado yield; and if so, to whom?

Mr. JOHNSON of Colorado. I am sorry that I do not now have time to yield. I wish to complete my statement before I yield. After I have completed my statement, perhaps I shall have time to yield to Senators who wish to ask questions.

Mr. President, unless we are prepared to resign ourselves to a sad repetition of that period of administrative confusion, the Senate should see to it today that the over-all authority relating to priorities and allocations is exercised through one agency, and, in particular, an agency which already is an established executive department of the Government, with sufficient facilities and staff to be able to do the job.

I should like to emphasize that the problems of priorities and allocations are intertwined and interdependent. They are Siamese twins, and they should not be separated. Performance depends, of course, on the ability to procure the necessary materials. Allocations are exercised efficiently only when the materials are distributed to those who need them to fill the orders which have been given preference in the interest of national defense. We cannot afford to have these two functions working at cross-purposes. It is futile for one agency to require a person to accept and carry out and perform a preference order when he may be denied, through the action of another agency, the very means of fulfilling it. There can be no dispute on this point.

Moreover, the problem of allocation in itself requires the utmost coordination of materials and facilities. The nature of the materials is not the basic test for conferring the authority. I say this without any reflection on other agencies. What I am trying to say is that we cannot afford to have the questions of distribution of materials determined by two or more different agencies, with no one agency to determine the inevitable conflict of demands. Our experience from World War II has shown that it is no solution to form one super-agency over another to resolve these conflicts. Such establishments serve only to interpose one more layer of insulation between promise and fulfillment, in the hope that somewhere along the line the contestants will get tired and drop out. And in the meantime everybody is kept waiting.

We should keep in mind that the Department of Commerce has all the facilities and know-how for handling this authority. It is a going concern. The Department took over the residual functions of the War Production Board and the OPA and it performed them well. In so doing, it built up a vast reservoir of valuable experience. Remember, also, that the Department administered the voluntary cooperation program of allocations under Public Law 395 of the Eightieth Congress. The Department has a fine and efficient Office of Industry and Commerce; it is experienced in controls. For years it has had the responsibility for export controls. Through its Census Bureau it is enabled to gather important statistics and other data in a minimum space of time; and its Office of Business Economics keeps in close and constant touch with all segments of industry. The Department of Commerce is an integrated, informed, and well-coordinated agency.

Let me not be misunderstood. I realize only too well the needs of agriculture, of industry, of the military and civilian portions of our Nation. I want them to have all the materials necessary for their existence.

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. JOHNSON of Colorado. I ask unanimous consent that the remainder of my remarks may be printed in the RECORD at this point.

There being no objection, the remainder of the statement of Senator JOHNSON of Colorado was ordered to be printed in the RECORD, as follows:

But I do not want to have our boys in Korea shot at by tanks, exposed to heavy artillery fire, and be unable to answer in kind. I don't want to see our tanks and trucks in Korea held up because the fuel they need is being unnecessarily used in civilian automobiles, or in pleasure trains. I don't want to see our boys lack guns and ammunition and explosives because the steel or grain that should have been used for these materials has been absorbed for building race tracks and other emporiums of pleasure and to provide cold storage for the hoarders of scarce goods.

I know there will be those who say that we should give the President the over-all authority and let him, in his discretion, parcel it out. I admire and respect the President and I want him to get every authority necessary to help our country. But I realize at the same time, that he is only human, and that he cannot give his personal attention to these things.

Congress should take upon itself the responsibility of channeling this authority through one agency. I think we must do it in an unequivocal manner. I know very well that the moment this bill is passed, the President will be deluged with pressing requests from patriotic agencies with good intentions for consideration in the handling of the allocations program. And I also know that the line of least resistance will be to divide this authority among two or more agencies. In normal times, this would be proper, but these are not normal times. Until this present crisis at least has passed, we live in a state of dire emergency.

If we agree that this authority should be handled by one agency, why not say so in the bill? After all, we have done a similar thing in section 708 (b) which provides that the authority to waive antitrust laws relating to allocations may be delegated by the President to but a single official. I repeat that the one agency to be entrusted with priorities and allocations should be the Department of Commerce. I know of no other one Department which in the performance of its official functions is so close to all segments of industry, small business, labor, and agriculture, I know of no other one Department which can correlate and reconcile all the conflicting demands and claims that will inevitably arise under this section of the bill.

To all intents and purposes, the Department was the War Production Board during the transition period. It has the staff, the facilities, and the experience. I cannot urge too strongly that this Congress should say in plain language that it wants the priorities and allocation authority vested in the Department of Commerce. That will settle all doubts and it will better enable the President to exercise the authority conferred upon him in the bill.

This is a matter over and above personalities, but I do want to say that the Secretary of Commerce, Charles Sawyer, has amply demonstrated his ability to handle this complex authority. But beyond this is the overriding principle of coordination and one head. I do not want to see the priorities and allocations program bog down into a series of interdepartmental skirmishes. There is only one real place for fighting now, and that in Korea, where our boys are defending themselves, and us, from a worldwide menace. It is not enough that the Congress is united against aggression; we must make certain that the powers conferred upon the executive branch to defend ourselves are also united. I earnestly and sincerely urge the adoption of this amendment.

Mr. MAYBANK. Mr. President, this amendment would require the priority and allocation authority to be exercised by the Secretary of Commerce.

The President may delegate this authority to the Secretary of Commerce under the bill, and I certainly would have no objection to Secretary Sawyer administering substantially all of these controls. However, the President should be the authority responsible for directing the administration of these controls to the best interests of the national defense; and if, in the light of all of the circumstances and the purposes to be accomplished, it appears to him that any other agency would be a more suitable agency to administer a particular control, I think he should be free to use that agency. I do not think we should restrict the President from selecting in any case the very best agency possible. I will therefore have to object to this amendment.

I want it definitely understood that in doing so I would have no personal objection to the delegation of this authority to Mr. Sawyer. As a matter of fact I would expect, and I suppose that most members of the committee would expect, that a large part of these controls would be handled by Mr. Sawyer, who was one of our principal witnesses. My objec-

tion goes to the question of leaving the President with flexible authority so that if he felt it necessary in the interest of national defense that any particular type of allocation or priority authority should be delegated to some other agency in the Government he would be perfectly free to make the delegation to that agency.

In other words, this amendment would direct the President of the United States to turn over to the Secretary of Commerce all questions regarding allocations and priorities of agricultural commodities.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. ROBERTSON. Is it not a fact that the Secretary of Commerce testified before our committee that he expected to handle the voluntary allocations of steel?

Mr. MAYBANK. That is correct.

Mr. ROBERTSON. His department is the Department which is specifically charged with the duty of looking out for the little fellow in this war effort, to see that the little fellow gets a fair break, is it not?

Mr. MAYBANK. I am in thorough accord with the Senator from Virginia. I know that he expects that steel and other commodities would be turned over to the Secretary of Commerce. But, I may ask, how about something that concerns the armed services.

Mr. ROBERTSON. Mr. President, if the Senator will yield, the Secretary of Agriculture wants to allocate all the steel that the Department may use. The Secretary of Commerce wants to allocate the steel for oil pipelines and gas pipelines and many other things pertaining to the interior. Does the Senator think that if this were divided up among the departments the steel people would know to whom to go, or that the little fellow who wanted a fair break in regard to allocations would get the consideration to which he was entitled?

Mr. MAYBANK. I may say to the Senator that is begging the question. In my statement I distinctly referred to steel. That should not be an issue in connection with the amendment. The Senator from Colorado has discussed the application of the amendment to the Department of Commerce, the Interior Department, REA, and all the others.

Mr. DOUGLAS. Mr. President, will the Senator from South Carolina yield?

Mr. MAYBANK. I yield.

Mr. DOUGLAS. Does the Senator agree with me that there are two theories as to how the controls shall be administered; one theory being to have them operated through existing departments, the other, that there is a possibility that it may be necessary to create a new agency, such as a new War Production Board, to control all these matters? Would not the amendment of the Senator from Colorado compel the President to use existing departments?

Mr. MAYBANK. No; to use the Secretary of Commerce only.

Mr. DOUGLAS. May not the situation be sufficiently serious that it will be necessary to establish a new board, with more vigorous personnel brought in from the outside, to manage it?

Mr. MAYBANK. The Senator is entirely correct.

Mr. DOUGLAS. And the amendment offered by the Senator from Colorado would prevent that from being done, would it not?

Mr. MAYBANK. I have not thought of it from that standpoint. I have thought of it from the standpoint of the Secretary of Commerce exercising all the controls. I am in favor of the Secretary of Commerce exercising the controls on steel. He has exercised such controls and has done a wonderful job. I do not see why we should tie the President's hands by saying that, if it is necessary to allocate wool, or something else about which Senators are concerned, the Secretary of Commerce shall do it. The Secretary of Agriculture might do it.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JOHNSON of Colorado. With the exception of consumer rationing——

The PRESIDING OFFICER. All time has expired.

Mr. TAFT and other Senators asked for the yeas and nays.

The yeas and nays were not ordered.

Mr. MAYBANK. I suggest the absence of a quorum.

Mr. JOHNSON of Colorado. Mr. President, may I have but one second in order that I may correct a misstatement which has been made?

The PRESIDING OFFICER. The Chair advises the Senator that, according to Senate time, we are unable to measure seconds. But is there objection to permitting the Senator from Colorado to address a question to the chairman of the committee? The Chair hears none.

Mr. JOHNSON of Colorado. This amendment does not deal with consumer rationing, which is dealt with separately in the pending bill under section 403; is not that correct?

Mr. MAYBANK. I beg the Senator's pardon. I never suggested consumer rationing. I said priorities and allocations. In connection with certain allocations, it might be that the Secretary of Agriculture would possess knowledge which the Secretary of Commerce did not possess. We might have to allocate cotton or oil or other things of that sort. I do not think the Senator means that Secretary Sawyer should do all of that. His office, Department of Commerce, is not set up to do it.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield, if I have the floor.

The PRESIDING OFFICER. Without objection, the Senator from South Carolina may yield to the Senator from Illinois for a question.

Mr. TAFT. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. TAFT. Has not all the time expired?

The PRESIDING OFFICER. All time has expired. The regular order has been demanded. The absence of a quorum has been suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hoey	Millikin
Anderson	Holland	Morse
Benton	Humphrey	Mundt
Brewster	Hunt	Murray
Bricker	Ives	Myers
Bridges	Jenner	O'Conor
Butler	Johnson, Colo.	O'Mahoney
Byrd	Johnson, Tex.	Pepper
Capehart	Johnston, S. C.	Robertson
Chapman	Kefauver	Russell
Chavez	Kem	Saltonstall
Cordon	Kerr	Schoeppel
Darby	Kilgore	Smith, Maine
Donnell	Knowland	Smith, N. J.
Douglas	Langer	Sparkman
Dworshak	Leahy	Stennis
Ecton	Lehman	Taft
Ellender	Lodge	Taylor
Ferguson	Long	Thomas, Okla.
Flanders	Lucas	Thomas, Utah
Frear	McCarran	Thye
Fulbright	McCarthy	Tobey
George	McClellan	Tydings
Gillette	McFarland	Watkins
Graham	McKellar	Wherry
Green	McMahon	Wiley
Gurney	Magnuson	Williams
Hendrickson	Malone	Withers
Hickenlooper	Martin	Young
Hill	Maybank	

The PRESIDING OFFICER (Mr. HOEY in the chair). A quorum is present.

Mr. LUCAS. Mr. President, I ask unanimous consent that I may speak for 2 minutes.

Mr. TAFT. Mr. President, I suggest that the Senator from Colorado [Mr. JOHNSON] also have 2 minutes.

The PRESIDING OFFICER. Without objection, each side is granted 2 minutes.

The Senator from Illinois is recognized.

Mr. LUCAS. Mr. President, I sincerely hope that the Senate will not adopt this amendment. If the Senate of the United States desires to put the Secretary of Commerce over the President of the United States, it can be done with this amendment. We are looking into the future. No one knows what is going to happen. The Korean situation is improved at the present time. No one knows what may happen tomorrow, but certainly the President of the United States should not be tied down with an amendment of this kind which tells him that everything in the way of allocation in connection with the control bill must come under the authority of the Secretary of Commerce. Surely the Senate of the United States will not adopt this kind of an amendment. Surely the Senate will give to the President a framework which is flexible. We are giving to the President much more than he has asked for. If we are going to give him stand-by controls, something which he did not ask for in the beginning, the Senate certainly should not tie his hands to the point where he will not be able to determine what agency of Government ought to handle this or that situation.

It seems to me, Mr. President, we shall be doing a foolish thing if we adopt this amendment, not knowing what the future may bring forth. Let us leave it to the President of the United States. It may be that he will never have to use these stand-by controls. I certainly

hope he will never have to use them. But if we are going to lodge all this power in the hands of the Secretary of Commerce, we are going to give the Secretary of Commerce more power than we are giving to the President of the United States.

Mr. KNOWLAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. The Senator's time has expired.

Mr. JOHNSON of Colorado. Mr. President, there must be two tests before this amendment becomes effective. First, goods must be scarce; second, they must be strategic goods.

The object of the amendment is to put in one place priorities and allocations, as they should be, instead of having them scattered all over the lot. The Senator from Illinois has said that we do not know what is in the future. That is the reason we have proposed this amendment. When the time comes when we shall create a War Production Board, we shall not have to reach out into half a dozen different agencies and pick up the things which should all be in one place. We should not separate priorities and allocations; they should be kept together. The whole thing should be kept together.

As for giving the Secretary of Commerce more power than we grant to the President, that argument is positively ridiculous. Suppose we create a War Production Board and Congress tells that Board what it can and cannot do: Would we then be giving the War Production Board greater power than we are giving the President? Of course not.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. TAFT. This amendment applies only to one section dealing with allocations and priorities, does it not?

Mr. JOHNSON of Colorado. That is correct.

Mr. TAFT. It does not deal with prices or wage control or any other things under the bill.

Mr. JOHNSON of Colorado. It specifically eliminates section 403 and provides that the authority conferred under that section shall be exercised by the Department of Commerce.

Mr. TAFT. It refers only to the power conferred under that section.

Mr. JOHNSON of Colorado. That is correct.

Mr. TAFT. Is it not also true that the Secretary of Commerce operated these powers before, and is familiar with the machinery of allocations?

Mr. JOHNSON of Colorado. That is correct.

Mr. SPARKMAN. And that includes priorities?

Mr. JOHNSON of Colorado. That is correct.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. JOHNSON].

Mr. WHERRY and other Senators requested the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from Texas [Mr. CONNALLY] is detained on official business.

The Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Arizona [Mr. HAYDEN], and the Senator from West Virginia [Mr. NEELY] are absent on public business.

The Senator from West Virginia [Mr. NEELY] is paired on this vote with the Senator from Washington [Mr. CAIN]. If present and voting, the Senator from West Virginia would vote "nay," and the Senator from Washington would vote "yea."

I announce further that if present and voting, the Senator from Texas [Mr. CONNALLY], the Senator from California [Mr. DOWNEY], and the Senator from Arizona [Mr. HAYDEN] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Michigan [Mr. VANDENBERG] is absent by leave of the Senate.

The Senator from Washington [Mr. CAIN], who is absent by leave of the Senate, is paired with the Senator from West Virginia [Mr. NEELY]. If present and voting, the Senator from Washington would vote "yea," and the Senator from West Virginia would vote "nay."

The result was announced—yeas 47, nays 42, as follows:

YEAS—47

Aiken	Gurney	Mundt
Brewster	Hendrickson	Robertson
Bricker	Hickenlooper	Russell
Bridges	Hoey	Saltonstall
Butler	Ives	Schoeppel
Byrd	Jenner	Smith, Maine
Capehart	Johnson, Colo.	Smith, N. J.
Chapman	Kem	Taft
Cordon	Knowland	Thye
Darby	Lodge	Tobey
Donnell	McCarran	Watkins
Dworshak	McCarthy	Wherry
Ecton	McClellan	Wiley
Ferguson	Malone	Williams
Flanders	Martin	Young
George	Millikin	

NAYS—42

Anderson	Johnson, Tex.	Maybank
Benton	Johnston, S. C.	Morse
Chavez	Kefauver	Murray
Douglas	Kerr	Myers
Ellender	Kilgore	O'Conor
Frear	Langer	O'Mahoney
Fulbright	Leahy	Pepper
Gillette	Lehman	Sparkman
Graham	Long	Stennis
Green	Lucas	Taylor
Hill	McFarland	Thomas, Okla.
Holland	McKellar	Thomas, Utah
Humphrey	McMahon	Tydings
Hunt	Magnuson	Withers

NOT VOTING—7

Cain	Eastland	Vandenberg
Connally	Hayden	
Downey	Neely	

So the amendment of Mr. JOHNSON of Colorado was agreed to.

Mr. JOHNSON of Colorado. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. WHERRY. Mr. President, I move to lay on the table the motion to reconsider.

Mr. LUCAS and Mr. MYERS addressed the Chair.

The VICE PRESIDENT. The Senator from Colorado moves that the vote by which the amendment was agreed to be reconsidered. The Senator from Nebraska moves that that motion be laid on the table.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LUCAS. The Senator from Nebraska has made no such motion.

Mr. WHERRY. Yes; I did.

Mr. LUCAS. Was the Senator from Nebraska recognized?

The VICE PRESIDENT. The Chair recognized the Senator.

Mr. LUCAS. The Chair recognized the Senator from Colorado, and the Senator made a motion to reconsider the vote by which the amendment was agreed to.

The VICE PRESIDENT. Yes.

Mr. LUCAS. The Senator from Pennsylvania [Mr. MYERS] and I were on our feet.

The VICE PRESIDENT. Three or four Senators were on their feet at the same time.

Mr. MYERS. Is the motion debatable?

The VICE PRESIDENT. A motion to reconsider is debatable, with 5 minutes allotted to each side.

Mr. WHERRY. I thought the Chair had recognized me.

The VICE PRESIDENT. The Chair did recognize the Senator. However there seems to be some controversy, and although the Senator moved to lay the motion on the table, the Chair thinks in fairness to all, since only 5 minutes of debate is allowed on each side, the Chair ought to recognize the Senator from Pennsylvania [Mr. MYERS].

Mr. MYERS. Mr. President, I should like to have an explanation of the effect of the amendment to which the Senate has just agreed, from a member of the Comittee on Banking and Currency, and I will ask the Senator from Alabama if he will explain the effect of the amendment. I ask unanimous consent that I may yield to the Senator from Alabama for that purpose.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I believe this is perhaps the most far-reaching amendment that has been offered to the bill. I believe that undoubtedly some Senators voted for it without realizing the extent to which it went to the heart of the bill. The effect of the amendment is to give all power over priorities and allocations to the Secretary of Commerce.

Let us see what some of those priorities and allocations might be. Most of the time they have been with reference to steel, but steel is only one item. It is possible that electric power will have to be allocated. It is possible that someone will have to say how much power the rural-electric cooperatives will get. The amendment would turn it over to the Department of Commerce to decide that question, instead of the department which, under the law passed by the Congress, has the right to distribute electric power generated at Government-built dams, namely, the Department of the Interior.

The amendment would turn over to the Secretary of Commerce the right to establish priorities; and listen to what that means. Suppose the Secretary of Defense decides that certain war plants ought to be built, and that a system of priorities ought to be provided as among

those war plants. The amendment would give to the Secretary of Commerce the right to override the Secretary of Defense and say what the priorities shall be.

I heard members of the Committee on Armed Services vote for the amendment. I could not believe they knew what they were taking away from the Secretary of Defense, namely, the right to say what materials and equipment of war should go to one plant or another, taking away from the Secretary of Defense the right to channel goods to one particular airplane plant, and, instead, delegating that authority to the Secretary of Commerce, who knows nothing about it, and has no reason to know.

During the war we built the atomic plant at Oak Ridge, Tenn., the Manhattan project, one of the great programs of power allocation we had during the war, and the power was used in allocating top priorities to the Manhattan project. Who did it? It was done under the direction of the officials who had charge of building that plant, and not the Secretary of Commerce. The amendment would give to the Secretary of Commerce the power to make priorities and to make allocations.

It did become necessary during the war to allocate electric power. Under the amendment the Secretary of Commerce, who has no connection whatsoever with the distribution of power, according to an act of Congress, would be called upon to say what areas should "brown out," what industries, what defense industries, what war plants, the various plants under the direct supervision of the Secretary of Defense, should or should not be able to get power, and whether or not the rural cooperatives in the communities of Members of this body should be able to get power. According to the amendment, that would be under the direction of the Secretary of Commerce, and taken out of the hands of those to whom we have previously given the responsibility.

Under the bill as it is written, the President has the right and the power to call upon anyone he desires to call upon, any agency he wants to call upon, to utilize the existing agencies, or to create, if necessary, a new agency, to do the job. Here it is proposed that that power be taken away from him, and the amendment provides that one man in the Government, and one man alone, shall carry on this tremendous program of priorities and allocations, and that that man shall be the Secretary of Commerce.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. WHERRY and Mr. MAYBANK addressed the Chair.

The VICE PRESIDENT. Under the unanimous-consent agreement, the mover of a motion is entitled to 5 minutes, and the chairman of the Committee on Banking and Currency is entitled to 5 minutes. But the Senator from Pennsylvania [Mr. MYERS] was recognized, and yielded his time to the Senator from Alabama. The Chair feels that the only time left is the time allotted to the mover of the motion. and recognizes the Senator from Colorado.

Mr. JOHNSON of Colorado. Mr. President, as I stated before, the amendment deals only with materials which are, first, scarce, and, second, are strategic. The Senator from Alabama has recited what happened in World War II. We had a War Production Board at that time to do the allocating, and to handle the functions which are given to the Secretary of Commerce, in part, in the amendment I have offered. Did any great disaster happen to the country because the power was placed under the War Production Board?

Mr. TAFT. If the Senator will yield, was not the allocation of power, as well as everything else, under the War Production Board?

Mr. JOHNSON of Colorado. Exactly.

Mr. TAFT. If we do not have it in one person, the man who has to build a plant will have to go to one department for priority for power, to another for steel, to another for wool, perhaps.

Mr. JOHNSON of Colorado. The very purpose of the amendment is to keep all these things together, to keep the tail with the hide, if you please, to keep them all in one place, so that when and if a War Production Board is created, those interested can go there and get their priorities in one parcel and in one package.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield to the Senator from Virginia.

Mr. ROBERTSON. Is it not true that if the war effort reaches the proportions suggested by the distinguished Senator from Alabama, we will then have price controls, wage controls, and rationing, and go from under this section to section 403, and that the amendment specifically says it shall not apply to section 403, which relates to a situation in which we have all-out mobilization, with price-fixing and wage controls?

Mr. JOHNSON of Colorado. That is correct. Section 403 is specifically exempted from my amendment by the amendment itself.

Mr. President, I do not agree that the Secretary of Commerce is an enemy. One would think it was Joe Stalin we were talking about. Th amendment proposes to keep priorities and allocations together in one piece, and put them in one department. Perhaps we could have put them in some other department, but the Department of Commerce, as I said in my opening statement, is naturally in charge of this sort of thing, so it was placed in that Department.

I assure any Senators who think otherwise that the Secretary of Commerce is not an enemy of this country. He is a patriotic member of the President's Cabinet, and I feel very certain that if the President knew about this amendment he would be for it.

Mr. LUCAS. Mr. President, will the Senator from Colorado yield?

Mr. JOHNSON of Colorado. I yield to the Senator from Illinois.

Mr. LUCAS. I can tell the Senator now that the President of the United States is not for the amendment.

Mr. JOHNSON of Colorado. Has he told the Senator he is not for it?

Mr. LUCAS. I am telling the Senator he is not for this amendment.

Mr. JOHNSON of Colorado. I was told today that the President was for this amendment.

Mr. LUCAS. The President of the United States is not for this amendment. It is a serious amendment, and what I cannot understand is why the Senator from Colorado believes that the Secretary of Commerce is in a better position to make a determination of the question of allocations and priorities than is the President of the United States.

Mr. JOHNSON of Colorado. I think Congress still has some rights. Congress is writing this bill.

Mr. LUCAS. Certainly Congress has rights, but the President of the United States is to execute the bill, and he should have some rights, too, instead of having his hands tied and the Secretary of Commerce put over the President.

Mr. JOHNSON of Colorado. This is a matter of execution. Congress is writing the law, and if Congress has to write the law, Congress should state in the law just where the tremendous powers the Senators have talked about are placed, and where they are to be handled, instead of having them distributed all over the Government, in half a dozen places, as has been suggested by those who are opposing the amendment.

Mr. KNOWLAND. Mr. President, will the Senator from Colorado yield?

Mr. JOHNSON of Colorado. I yield to the Senator from California.

Mr. KNOWLAND. Would not the Senator agree that the statement that this puts the Secretary of Commerce over the President has no validity whatever, because the President of the United States, if he were not satisfied with the action being taken, could change the Secretary of Commerce?

Mr. JOHNSON of Colorado. Of course, it has no validity at all.

Mr. WHERRY. Mr. President——

Mr. JOHNSON of Colorado. I yield.

Mr. WHERRY. I want time in my own right. I should like to be recognized to make a motion.

The VICE PRESIDENT. There are 10 seconds left.

Mr. WHERRY. Will the Senator from Colorado yield the 10 seconds to me?

Mr. JOHNSON of Colorado. I yield.

The VICE PRESIDENT. It is not necessary to yield to the Senator. A motion that is privileged can be made. It cannot be debated, however.

Mr. WHERRY. I should like to move——

The VICE PRESIDENT. The Chair has not recognized the Senator. The Chair wishes to apologize to the Senate for a mistake he made a while ago.

The Senator from Pennsylvania was not entitled to recognition under the unanimous-consent agreement. The Senator from Colorado was entitled to 5 minutes as the mover of the motion to reconsider, and the Senator from South Carolina, as chairman of the committee, was entitled to 5 minutes on the other side. The Chair made a mistake in recognizing the Senator from Pennsylvania. The time on a motion is controlled just as it is on an amendment. The Chair

is very sorry he made the mistake and apologizes.

Mr. LUCAS. Mr. President, I wish to present a parliamentary inquiry based on a hypothetical case. Let us assume the mover of the motion refuses to take the 5 minutes.

The VICE PRESIDENT. He can yield the time to some other Senator.

Mr. LUCAS. Assuming he does not yield the time to some other Senator.

The VICE PRESIDENT. The Chair cannot substitute another Senator for the chairman of the committee, if the chairman refuses to use the time.

Mr. LUCAS. But do Senators in opposition have a right to 5 minutes?

The VICE PRESIDENT. Under a strict interpretation of the agreement only the two Senators involved, the chairman of the committee, and the mover of the motion, are entitled to time.

Mr. MYERS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MYERS. Is it possible to have the yeas and nays on the vote on the motion of the Senator from Nebraska to table?

Mr. WHERRY. Mr. President, I am asking for recognition.

The VICE PRESIDENT. The Chair feels that if the Senator from Nebraska, who has been on his feet seeking recognition, desires to be recognized to make a motion which is not debatable, he is entitled to be recognized.

Mr. MYERS. The Senator from Pennsylvania has been on his feet also.

The VICE PRESIDENT. Not so long as has the Senator from Nebraska.

Mr. MYERS. Maybe not so long.

The VICE PRESIDENT. The motion is not debatable, either way the vote is taken, so what is the difference?

Mr. WHERRY. I move that the motion made by the Senator from Colorado [Mr. JOHNSON] be laid on the table.

Mr. MYERS. On that motion I ask for the yeas and nays.

The yeas and nays were ordered.

The VICE PRESIDENT. The Chair will state that those who favor tabling the motion to reconsider will vote "yea." Those who are opposed to tabling will vote "nay." The Secretary will call the roll.

The Chief Clerk called the roll.

Mr. MYERS. I announce that the Senator from Delaware [Mr. FREAR] is unavoidably detained on official business.

The Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Arizona [Mr. HAYDEN], and the Senator from West Virginia [Mr. NEELY] are absent on public business.

The Senator from West Virginia [Mr. NEELY] is paired on this vote with the Senator from Washington [Mr. CAIN]. If present and voting, the Senator from West Virginia would vote "nay," and the Senator from Washington would vote "yea."

I announce further that if present and voting, the Senator from California [Mr. DOWNEY], the Senator from Delaware [Mr. FREAR], and the Senator from Arizona [Mr. HAYDEN] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Michigan [Mr. VANDENBERG] is absent by leave of the Senate.

The Senator from Washington [Mr. CAIN], who is absent by leave of the Senate is paired with the Senator from West Virginia [Mr. NEELY]. If present and voting, the Senator from Washington would vote "yea," and the Senator from West Virginia would vote "nay."

The result was announced—yeas 47, nays 42, as follows:

YEAS—47

Aiken	Gurney	Mundt
Brewster	Hendrickson	Robertson
Bricker	Hickenlooper	Russell
Bridges	Hoey	Saltonstall
Butler	Ives	Schoeppel
Byrd	Jenner	Smith, Maine
Capehart	Johnson, Colo.	Smith, N. J.
Chapman	Kem	Taft
Cordon	Knowland	Thye
Darby	Lodge	Tobey
Donnell	McCarran	Watkins
Dworshak	McCarthy	Wherry
Ecton	McClellan	Wiley
Ferguson	Malone	Williams
Flanders	Martin	Young
George	Millikin	

NAYS—42

Anderson	Johnson, Tex.	Maybank
Benton	Johnston, S. C.	Morse
Chavez	Kefauver	Murray
Connally	Kerr	Myers
Douglas	Kilgore	O'Conor
Ellender	Langer	O'Mahoney
Fulbright	Leahy	Pepper
Gillette	Lehman	Sparkman
Graham	Long	Stennis
Green	Lucas	Taylor
Hill	McFarland	Thomas, Okla.
Holland	McKellar	Thomas, Utah
Humphrey	McMahon	Tydings
Hunt	Magnuson	Withers

NOT VOTING—7

Cain	Frear	Vandenberg
Downey	Hayden	
Eastland	Neely	

So Mr. WHERRY's motion to lay on the table the motion of Mr. JOHNSON of Colorado to reconsider was agreed to.

Mr. BRICKER. Mr. President, I call up my amendment E, and ask that it be stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 35, in line 13, it is proposed to change the period at the end of the line to a colon, and add the following proviso: *"Provided,* That in the consideration of any loan in the amount of or exceeding $100,000, the lending, participating or guaranteeing agency shall consult with and be advised by the Federal Reserve Board."

Mr. BRICKER. Mr. President——

The VICE PRESIDENT. The Senator from Ohio is recognized for 5 minutes.

Mr. BRICKER. Mr. President, one of the important functions of this entire bill relating to priorities and allocations——

Mr. FULBRIGHT. Mr. President, let me inquire what amendment the Senator is discussing.

Mr. BRICKER. It is my amendment lettered "E," and it would require consultation and advice on the part of the Federal Reserve Board before a Government loan in excess of $100,000 is made under the provisions of this bill.

I was about to say that one of the principal purposes of the bill which provides for stepped-up production and Government priorities and control of production, is that there shall not be an extraordinary increase in prices; in other words, that there will not be price inflation.

Mr. President, the most inflationary money which I think can be spent at the present time is Government money. A balancing of the government's budget will go further toward preventing inflation than anything else which could occur.

The Federal Reserve Board already has tremendous power over the credit of the country, through the regulatory functions of the Board, especially as applied to the control of credit and controls of other kinds and characters.

This amendment provides for control over installment credit and control over real estate credit, insofar as the latter concerns new construction. In order to give the Federal Reserve Board complete control or in order to provide complete recognition of its authority in the field of inflation, I think we should include a requirement that the Federal Reserve Board shall be consulted and its advice shall be obtained in the case of all Government loans in excess of $100,000. I think such a provision is entirely proper. It would be practical, and I think it would help effectuate one of the fundamental purposes of the bill, namely, the control of inflation.

Mr. SPARKMAN. Mr. President——

The VICE PRESIDENT. The Senator from Alabama is recognized.

Mr. SPARKMAN. The chairman of the committee is temporarily out of the Chamber, and he has asked me to substitute for him at this time.

The VICE PRESIDENT. The Senator from Alabama is recognized for 5 minutes.

Mr. SPARKMAN. Mr. President, as the Senator from Ohio has explained, his amendment would require consultation with the Federal Reserve Board, prior to the making of any production loan in excess of $100,000 under section 302.

So far as the jurisdiction of the Federal Reserve Board is concerned, I think everyone will agree that throughout this bill we have made provision quite freely for using the services of the Board.

This amendment would place upon the Board an additional responsibility, and would mean that after the agency primarily concerned with the loan had considered the matter and had determined that the loan was necessary in connection with the national defense, the loan would have to be delayed until the Federal Reserve Board, which already has many duties to perform under this bill, could become acquainted with the facts and could make its recommendation.

Thus, the amendment would cause unnecessary delay in connection with essential defense projects, and would require duplication of effort, without com-

mensurate increase in protection to the Government.

The matter received some discussion in the committee. I do not remember that the exact amount was named; but I have had some discussion in regard to whether or not the Federal Reserve Board should be called upon to pass upon these loans. It was the feeling of a majority of the committee that such a provision would slow down the entire program, and that the agency directly concerned with the loaning activity is the one which should pass upon the loans.

For that reason, the committee voted against giving this power to the Federal Reserve Board.

I regret that the Senator from Ohio has offered the amendment at this time. I wish he would not insist upon offering it.

However, inasmuch as he does offer it, I express the hope that the amendment will be rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Ohio.

Mr. BRICKER. Mr. President, have I any time left?

The VICE PRESIDENT. The Senator from Ohio has 1½ minutes remaining.

Mr. SPARKMAN. Mr. President, at this time I reserve any time remaining to me.

Mr. BRICKER. Mr. President, the argument the Senator from Alabama is using in regard to this amendment—namely, that it would delay the program—is one which might well have been used, and he might well have accepted it, in regard to the proposal reuiring consultation with the Federal Trade Commission and the Attorney General before there is action under the antitrust laws. I argued that that function belongs to the Attorney General and that in that connection there should not be a provision reuiring consultation with the Federal Trade Commission.

In this field the Federal Reserve Board is primarily charged with jurisdiction over matters pertaining to inflation and credit. It should have control over the spending of Government money, which is the most inflationary money which can be spent. Under present conditions, such money would amount to some billions of dollars.

Therefore, the Federal Reserve Board should at least have some responsibility in connection with this matter and at least should be advised with and consulted before such a loan is made by the Government.

Mr. President, I think we have a right to submit the amendment. I am not going to withdraw it, and I think we should have a vote on it.

Mr. MAYBANK. Mr. President——

The VICE PRESIDENT. The Senator from South Carolina has 3½ minutes, if he wishes to use them.

Mr. MAYBANK. Mr. President, in view of the statement previously made when the Chair inadvertently overlooked me and recognized the Senator from Pennsylvania, I simply wish to state that I have no quarrel with the Chair on that account.

A moment ago I was on the telephone. I wish to state that the President of the United States told me that he hoped the bill, including sections 1, 2, and 3, which he originally recommended and submitted to us, would be passed in the form in which it was sent to us.

There have been consultations for weeks with the Secretary of Commerce, Mr. Sawyer, and with Chairman Symington. Mr. Sawyer never asked for the power the Senate voted him, although, of course, the Senate has the privilege of voting to have him use such power; but the President of the United States himself would not be a party to that provision.

Although I have the greatest respect for the distinguished Senator from Colorado, I wish to make clear, in connection with the consideration of the amendment he has submitted, that neither the President nor Mr. Sawyer want any such provision included in this bill, for such a provision would hamstring the operations under the act.

The Senator has said that he spoke to the President; but I wish to say that I, also, have spoken to the President.

I know that Senators desire to write many provisions into this bill. I have had to oppose many of the suggestions which have been made.

Mr. President, no one has any greater affection for the Senator from Ohio [Mr. BRICKER] than have I; but in my judgment, if we provide a limit of $100,000 in this connection, such a provision will interfere with everything the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Minnesota [Mr. THYE] have had included in the bill, particularly in connection with the production of taconite and other commodities.

I am sure that any provision requiring consultation with the Federal Reserve Board in the case of loans in excess of $100,000, loans coming out of the $2,000,000,000, would be a bad provision. Therefore, I oppose the amendment requiring consultation with the Federal Reserve Board in regard to such loans. Such a provision would interfere with and delay operations under the bill.

Mr. BRICKER. The amendment covers direct loans.

Mr. MAYBANK. Of course; in the case of the matter to which the Senator from Minnesota [Mr. HUMPHREY] and his colleague, Mr. THYE, have referred, direct loans in the case of the production of taconite would be covered. The Senator from Wyoming [Mr. O'MAHONEY] has an amendment which also would be affected.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. HUMPHREY. Mr. President, it appears to me that the functions of the Federal Reserve Board are in regard to broad areas of policy, not in connection with matters of specific detail.

This particular amendment will, as the chairman of the committee has so well stated, place on the Federal Reserve Board the duty of going into infinite detail, and such an amendment could hold up the processes of development and expansion which would be needed in very critical areas.

As the Senator from South Carolina has stated, the development of the production of critical materials, such as taconite, which is covered under the amendment my colleague and myself have placed before the committee, could be most adversely affected. This amendment, if adopted, would cause a great deal of delay in that connection and would place upon the Federal Reserve Board a duty which I think it is not set up to handle.

Of course, it is proper for the Federal Reserve Board to have jurisdiction over the broad areas of Government credit control and finance control; but the amendment now before us relates to a different kind of lending problem, one which is beyond the active workings of the Federal Reserve Board.

Therefore I think the amendment should be rejected.

Mr. FULBRIGHT. Mr. President, if the Senator will yield, I wish to say that I think he is quite correct in saying that the Federal Reserve Board is not equipped to pass on individual loans at the present time, whereas it is equipped to handle matters of policy, to which I shall refer later in connection with an amendment of my own.

I wish to call attention to the fact that the bill already contains a provision in regard to power or control in the mortgage field. That field is within the jurisdiction of the Federal Reserve Board, and it is able to handle that matter, but not the matter covered by this amendment.

Mr. HUMPHREY. I agree entirely with the Senator from Arkansas.

The VICE PRESIDENT. All time has expired.

The question is on agreeing to the amendment of the Senator from Ohio [Mr. BRICKER]. [Putting the question.]

The "noes" appear to have it.

Mr. WHERRY. I ask for a division.

On a division, the amendment was rejected.

Mr. TAFT. I offer an amendment. It is my amendment Y, slightly amended.

The VICE PRESIDENT. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 36, it is proposed to strike out lines 20 to 25 and on page 37, lines 1 to 20, and insert the following:

(b) There are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of section 303, and pending the making of such appropriations, any department, agency, official, or corporation utilized pursuant to this section is authorized subject to the approval of the President to borrow from the Treasury of the United States such sums of money as may be necessary to carry out its functions under this title, provided that the total amount so borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of $100,000,000 at any one time.

The VICE PRESIDENT. The Senator from Ohio is recognized for 5 minutes.

Mr. FERGUSON. Mr. President, will the Senator from Ohio yield for a brief statement?

Mr. TAFT. I ask unanimous consent that, without losing time, I may permit the Senator from Michigan to make a brief statement withdrawing an amendment.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. FERGUSON. Mr. President, I ask unanimous consent that we may withdraw the subversives-control amendment offered by me and Senator MUNDT, of South Dakota.

The VICE PRESIDENT. The Chair advises the Senator from Michigan that it is unnecessary to do that, since the amendment has never been offered, but has merely been ordered to be printed and to lie on the table.

Mr. FERGUSON. Mr. President, if I may be permitted, I should like to make this statement: After a conference with the senior Senator from Nevada I ask permission for myself and on behalf of the Senator from South Dakota [Mr. MUNDT] and the Senator from South Carolina [Mr. JOHNSTON] to withdraw and not to propose or ask to be voted upon, as an amendment, the Mundt-Ferguson-Johnston bill. It has been agreed that the Senator from Nevada will accept certain amendments to his bill which substitutes the identical language of the Mundt-Ferguson-Johnston bill, and, therefore, there will be a vote, under the agreement of the senior Senator from Illinois, upon that particular bill (S. 2311). The sponsors of the amendment are satisfied with that agreement. It was the desire of the sponsors of S. 2311, the subversives-control bill, to have an early vote on that bill. This procedure will now assure such a vote.

The VICE PRESIDENT. The Senator from Michigan announces that the Mundt-Ferguson-Johnston bill will not be offered as an amendment to the pending bill.

Mr. FERGUSON. That is correct.

The VICE PRESIDENT. The Senator from Ohio is recognized.

Mr. McCARRAN. Mr. President, will the Senator yield for about a minute, that I may make a brief statement in connection with the statement made by the Senator from Michigan?

Mr. TAFT. I ask unanimous consent that I may yield to the Senator from Nevada, without having the time charged to me.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. McCARRAN. Mr. President, the situation is simply this: In drafting my bill (S. 4037) I made certain changes in the language of the Mundt-Ferguson-Johnston bill, primarily for the purpose of integrating the provisions of that bill with the provisions of other measures which were included. My purpose was not to weaken or change in any material respect the provisions of the Mundt-Ferguson-Johnston bill, but to carry them forward into the omnibus measure.

In two or three respects the Senators whose names appear on the Mundt-Ferguson-Johnston bill have expressed the desire that changes which I made should be eliminated so as to conform the language of my bill precisely to the language of the Mundt-Ferguson-Johnston bill. Since my objective, with respect to those provisions of my bill which were, as I have openly asserted, taken from the Mundt-Ferguson-Johnston bill, has been the same objective as that of the Senators whose names appear on the Mundt-Ferguson-Johnston bill, I have been happy to agree to accept the proposed amendments when my bill comes up in the Senate.

Let me stress the fact that none of these proposed amendments will in any way weaken the bill, and that the net effect of these amendments will be to have my omnibus bill include the text of the Mundt-Ferguson-Johnston bill, more precisely in conformity with the text of that bill as it was reported from the Committee on the Judiciary and as it now stands on the Senate Calendar.

The VICE PRESIDENT. The Chair wishes to state that, once an amendment is offered to the pending bill, the question of accepting it is one for the Senate. However, a Senator may modify his own amendment, without unanimous consent. If it is a question of agreeing to an amendment which is not a part of the bill, it would have to be acted upon by the Senate.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. TAFT. Mr. President, I ask unanimous consent that, for the same purpose, I may yield to the Senator from South Dakota, without having the time charged to me.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MUNDT. Mr. President, I simply want to express my appreciation to the chairman of the Judiciary Committee for working, along with the Senator from Michigan, the Senator from South Carolina [Mr. JOHNSTON] and myself, to effect this agreement, whereby, under the schedule announced by the majority leader today, the Senate will have an opportunity to vote on the provisions of Senate bill 2311, precisely as they will now be included as title 1 of S. 4037. We all believe that this will be a better arrangement than to try to limit debate to 5 minutes to each side on a measure so important as subversive activity control legislation. I am completely satisfied with the agreement that has been effected.

Under terms of the agreement just reached with the chairman of the Judiciary Committee [Mr. McCARRAN] the exact text of the Mundt-Ferguson-Johnston bill is to be substituted for the language in title 1 of S. 4037. Thus the Senate is now assured of an opportunity to vote on the provisions of S. 2311 as part of that omnibus security bill and there no longer is reason to insist upon a vote today on our amendment which would have added it to the pending measure. It is with this understanding that we are now withdrawing our amendment.

The VICE PRESIDENT. The Senator from Ohio is recognized for 5 minutes.

Mr. TAFT. Mr. President, one of the most extreme powers given in this bill is that which permits the President, under section 303, to go into any business he chooses, and to borrow up to $2,000,000,000 to support such business. Personally I questioned whether it was necessary, whether we should not specify the particular things the Government itself might go into. Personally it seemed to me there were enough private facilities available to manufacture what might be required. It is claimed, however, that, as was the case in World War II in connection with the building of synthetic rubber plants, there may be things which the Government must do. So, while I am not suggesting that we change this power, nevertheless it is an extreme power. It seems to me that it ought to be not the subject of borrowing by the President up to $2,000,000,000, but it ought to be the subject of appropriation. So, the amendment which I offer, amendment Y, in which a typographical error occurred in the printing and which has been corrected, provides:

> There are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of section 303—

There is no limitation which Congress may appropriate—

> and pending the making of such appropriations, any department, agency, official, or corporation utilized pursuant to this section is authorized subject to the approval of the President to borrow from the Treasury of the United States such sums of money as may be necessary—

Which shall not exceed the sum of $100,000,000 at any one time. That is the provision which we placed in certain acts such as the ECA, in order that there may be no delay while the Senate or the Congress is considering the appropriation.

That seems to be a reasonable provision. I cannot understand why this tremendous power should be given. As written, and once the bill is passed, the President may spend $2,000,000,000 for any purpose, on anything he wants, without ever coming back to Congress. He is authorized to borrow it from the Secretary of the Treasury. The Treasury is authorized to purchase the obligations and to use as a public-debt transaction the proceeds of the sale of any securities issued under the Second Liberty Loan Act. It seems to me that the $2,000,000,000, assuming that it is necessary to have it, certainly ought to be subject to appropriation by Congress. My amendment is not a cutting down, I say say, of the $2,000,000,000 to $100,000,000. It simply puts in that convenient provision which has been in the ECA and other acts, in order that the delay in the appropriation may not completely stop the process.

It seems to me, Mr. President, that there should be no reasonable objection to the amendment. It gives authority for Congress to appropriate any amount it sees fit to appropriate, but the agency will have to come to Congress to present its projects. If huge projects requiring $30,000,000,000 are required for the Army, and that matter is subject to appropriation, why not the $2,000,000,000 required for the construction of plants?

Mr. MAYBANK. Mr. President, we have given consideration to the amendment. I know that my colleague and friend from Ohio will agree that the

amendment changes the method of obtaining funds for the lending and procurement activities under sections 302 and 303.

Under the bill as reported the agencies which would act under these sections would be authorized to borrow up to $2,000,000,000 from the Treasury for these purposes. No appropriations would be required.

Under the amendment, no special provision would be made for loans under section 302, and these could presumably be made only out of moneys hereafter appropriated for the purpose. The amendment would also require the general use of appropriated moneys for activities under section 303. However, a special $100,000,000 fund would be provided, to be borrowed from the Treasury, pending the making of appropriations.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. TAFT. Mr. President, I have no objection to inserting section 302 to carry out the purposes of that section, and section 303, and, with the Senator's permission, I shall modify my amendment for that purpose. It was not an intentional omission.

Mr. MAYBANK. I appreciate the statement of the Senator.

Time is of the essence in the defense effort. We cannot afford to delay the start of increases in production and productive capacity until appropriations are granted, either in any amount under section 302 or, under section 303, for more than $100,000,000. To do so would only retard the defense effort and increase inflationary pressures during the period of delay.

I digress for a moment, Mr. President, to say that, as a member of the Appropriations Committee, I appreciate that many Members on the other side of the aisle have done more than I have done to expedite the omnibus appropriation bill. But that bill is not here. Requests have not yet been heard in connection with the deficiency bill. It is almost the first of September. No one has a greater respect for the committee than I have, especially for its distinguished chairman. The conference on the bill has not yet been concluded, and I do not know how long it will take.

The public interest would be preserved through the activities of the special committee established under this bill. I count upon this committee to study the programs and to advise the Congress if the intention of the Congress is not being carried out.

For this reason, Mr. President, and because I am a member of the Appropriations Committee and have the deepest appreciation of the difficulties confronting the committee in its one-package bill, I am not certain that the amendment is a wise one.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. KNOWLAND. Does not the able Senator from South Carolina agree that when we are placing in the hands of the executive branch vast powers in the wartime emergency with which we are faced, the people expect Congress, at least, to keep control of the purse strings, and inasmuch as we are going to have an additional supplemental appropriation bill before us, why is not the administration in as competent a position to ask for what it can justify before the committee, instead of asking for a blank check which requires no legislative action whatever?

Mr. MAYBANK. Mr. President, that is a very good statement for the Senator from California to make, and I appreciate his sincerity and honesty in making it. He has asked me a double-barreled question in his statement. We have given the President the right to keep the boys in the Army for 1 year longer than the period for which they signed. We have given the Commander in Chief the right to call out the National Guard or any other organization, and we have given certain rights in all these matters. I hope the $2,000,000,000 can be scrutinized and carefully looked after, rather than to have to wait for the Senate and the House of Representatives to act. I say that with the deepest respect. I was not a supporter of the one-package appropriation bill. It takes forever to get through with it. We have passed joint resolutions extending appropriations from June 30 to July 31 and from July to August, and I am not at all certain that the appropriation bill will be finished in September, in spite of all the efforts of the Senator from California [Mr. KNOWLAND], the Senator from Nebraska [Mr. WHERRY], and the Senator from Tennessee [Mr. MCKELLAR] to get it through.

The VICE PRESIDENT. The time of the Senator has expired.

The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT], as modified. [Putting the question.] The "noes" seem to have it.

Mr. WHERRY and other Senators asked for a division.

The VICE PRESIDENT. On the division, there is a tie vote, and the amendment is not agreed to.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays.

The VICE PRESIDENT. The Chair has announced the result. The request of the Senator comes too late.

Mr. HUNT. Mr. President, I wish to call up my amendment which is designated "8–17–50–H," and ask that it be stated.

The VICE PRESIDENT. The Secretary will state the amendment offered by the Senator from Wyoming.

The LEGISLATIVE CLERK. On page 37, line 24, beginning with the word "tin," it is proposed to strike out through the first comma in line 1, on page 38.

Mr. HUNT. Mr. President, this amendment simply deletes the word "tin" in section 305. I suggest that deletion because only a few days ago, less than 10 days ago, we sent to the President, and he has signed, a bill providing for an extension of 5 years wherein the tin smelter plant will be under the jurisdiction of the RFC.

Mr. President, I do not think section 305, as a whole, has any proper place in this bill. This is a control bill; it is not a reorganization bill.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. HUNT. I yield.

Mr. JOHNSON of Texas. I agree with the statement made by the Senator. I was hoping that he would broaden his amendment to strike out the entire section as the Senator from Wyoming has stated, this is not a reorganization bill. There is a critical situation in rubber and tin. The rubber and tin production programs are being well administered at this time by the Reconstruction Finance Corporation and there is no earthly reason for confusing the whole situation at this time by reorganizing and transferring these functions elsewhere.

I hope the chairman of the committee will accept the amendment.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. HUNT. I yield.

Mr. MAYBANK. Mr. President, I should like to use some of my time, so that I shall not interfere with the Senator from Wyoming.

The VICE PRESIDENT. The Senator will be entitled to recognition when the Senator from Wyoming has concluded.

Mr. HUNT. Mr. President, the junior Senator from Wyoming is agreeable to accepting the amendment to my amendment suggested by the Senator from Texas, if he cares to submit such an amendment. Does the Senator care to have my amendment so modified?

Mr. JOHNSON of Texas. Yes; I should like to do so.

The VICE PRESIDENT. The Senator from Wyoming may modify his own amendment, if he so desires.

Mr. HUNT. I shall accept the amendment offered by the Senator from Texas as a modification of my amendment.

Mr. CAPEHART. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Does the Senator from Wyoming yield for a parliamentary inquiry?

Mr. HUNT. I yield.

The VICE PRESIDENT. The Senator will state it.

Mr. CAPEHART. Are we now considering striking all of section 305?

Mr. HUNT. Yes. I am addressing myself particularly to the matter of tin. As I stated a short time ago it is no more than 10 days ago that we sent to the White House, and it is now an act, a bill providing for a 5-year extension for the tin smelter plant. We are all aware of the fact that by a voice vote we defeated Reorganization Plan No. 24, which would have done exactly what section 305 is designed to do. To the best of my knowledge the RFC is doing a splendid piece of work in connection with the tin smelter plant, and I can see no reason whatsoever for this section of the bill.

Mr. President, I think this section is a sort of meat ax approach to the matter, in an attempt to do by indirection what the Senate has refused to do directly only recently.

Mr. MAYBANK. Mr. President, has the Senator concluded?

The VICE PRESIDENT. Does the Senator yield?

Mr. HUNT. I yield.

Mr. MAYBANK. As I understand, perhaps a month ago or 3 weeks ago the Committee on Banking and Currency referred to the Committee on Armed Services a bill with respect to tin, which the Committee on Armed Services handled, and which the distinguished Senator from Ohio looked at before the bill was finally approved by the Senate. I understand it went to the President for signature.

Mr. HUNT. Yes.

Mr. MAYBANK. That bill extended the period for 5 years.

Mr. HUNT. Yes.

Mr. MAYBANK. As I understand, there are certain other Government agencies and corporations which are under RFC. I appreciate that certain criticism has been directed against the RFC, but such criticism has nothing to do with the matter involved here. I am hopeful that the entire section will be stricken. I discussed the subject with the chairman of the RFC subcommittee, the Senator from Arkansas [Mr. FULBRIGHT], and I think he will agree with me that rubber, tin, and the other materials should not be in the bill.

Mr. FULBRIGHT. This principle was proposed under Reorganization Plan No. 24. I understood the administration to be particularly interested in it, but I have no feeling about it. I think it would be quite agreeable to leave it where it is. Although I sponsored the amendment in committee, I do not think it important enough to have it stay in the bill. It grew out of Reorganization Plan No. 24. I assume there were worthy reasons for it, although I see no particular reason for objecting to its being taken out.

The VICE PRESIDENT. The Senator from Wyoming [Mr. HUNT] modifies his amendment to provide for striking out section 305. The question is on agreeing to the amendment offered by the Senator from Wyoming, as modified.

The amendment, as modified, was agreed to.

Mr. TAFT. Mr. President, I move to reconsider the vote by which my amendment "Y" was rejected.

The VICE PRESIDENT. The question is on the motion of the Senator from Ohio to reconsider the vote by which the amendment he offered a short time ago was rejected.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MAYBANK. Will there be any debate on the motion to reconsider?

The VICE PRESIDENT. Five minutes is allowed to each side.

Mr. TAFT. There was one misunderstanding with regard to the amendment which I wish to correct. Many Senators thought that I was cutting the $2,000,000,000 to $100,000,000. That is not what the amendment proposes to do. It simply says that this particular spending of $2,000,000,000, or any amount of it, for the purpose of having the Government go into business to build, construct, and operate plants shall be subject to appropriations made by the Committee on Appropriations. There is no limitation provided in the amendment as to what the Committee on Appropriations may appropriate. They may appropriate any amount they wish to appropriate. The $100,000,000 figure simply relates to money which may be borrowed temporarily in case there is a delay in the Committee on Appropriations in making appropriations, as the Senator from South Carolina has indicated there may be. It seems to me that the Senate might well accept this amendment. There is no change in the general principle of control or the general principle involved in the bill.

Mr. MAYBANK. I should like to make one point clear.

The VICE PRESIDENT. The Senator from Ohio has not yielded.

Mr. TAFT. It seems to me perfectly clear that if the Committee on Appropriations can appropriate $30,000,000,000 for the armed services, it can appropriate $2,000,000,000 more for the purpose of enabling the Government to go into business. I can see no reason why a distinction should be made.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. MAYBANK. Unfortunately this year we had a single-package appropriation bill. Previously we had separate appropriation bills.

Mr. TAFT. If there is an emergency, Congress could act fast. We will get estimates. We have already received estimates from the President for $16,000,000,000 additional being required for military purposes. The committee would act in such a case, and both Houses would act, within 2 weeks from the time the President sent those estimates in. Why could we not do the same thing in this situation?

Mr. FULBRIGHT. Is it not a matter of Congress taking a look at what is going to be spent before it is spent?

Mr. TAFT. The Senator is correct. I see no reason why we should exempt this particular sum from action by the Committee on Appropriations. That is what this section now does.

Mr. WHERRY. Mr. President, we would not only take a look at the authorization, but it would go through legislative committee which are set up for that very purpose. It would come to the Committee on Appropriations, where it rightfully should come. If this amendment is not adopted we would be bypassing the legislative committees which are set up for the purpose of considering appropriations.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. ANDERSON. The Senator made the statement that his amendment would not cut the $2,000,000,000. The last three lines of his proposed amendment read:

Provided, That the total amount so borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of $100,000,000 at any one time.

Mr. TAFT. Under the original bill it was all borrowed. There was no provision which would let it go to the Appropriations Committee. Once we pass the bill we never hear any more about it. The President can borrow and spend $2,000,000,000 without coming back to Congress. My amendment changes the whole theory. It says that Congress must appropriate for this section, just as it must appropriate for every other purpose or section. The $100,000,000 is provided so that if there is a delay in the appropriation, and an emergency exists, the President can borrow up to $100,000,000 to be repaid when the appropriation comes through. That is the only reason for providing the $100,000,000. The appropriation authority is unlimited. There is no limit on the appropriation authority, but we do retain in the Committee on Appropriations the right to say whether the Government may go ahead and construct the large synthetic-rubber program, or a large program for the manufacture of gasoline, airplanes, or some other program. It seems to me there should be such a check upon the Government before it goes into business. It is a very slight check.

Mr. MAYBANK. As the Senator from Ohio knows——

Mr. TAFT. I wonder if the Senator would not take the amendment to conference. It is really a matter of procedure more than anything else.

Mr. MAYBANK. The Senator's statement is absolutely accurate. We have already gotten together on section 203. I wonder if the Senator believes that $100,000,000, in the event that we are involved in a real emergency, is not a rather low figure.

Mr. TAFT. I would be willing to raise it to $250,000,000, or something in that neighborhood. This represents only what would be spent. It is hardly possible to spend $100,000,000 in a hurry. This is only money which would be spent while the Committee on Appropriations was acting on an emergency request.

Mr. MAYBANK. Why not make it $300,000,000?

Mr. TAFT. Three hundred million dollars. Very well.

Mr. MAYBANK. I have no right to speak for anyone except myself.

Mr. TAFT. Mr. President, I modify my amendment to strike out "$100,000,000" and insert "$300,000,000."

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Ohio [Mr. TAFT] to reconsider the vote by which his amendment "Y" was rejected.

The motion was agreed to.

Mr. TAFT. Mr. President, I modify my amendment in accordance with my understanding with the Senator from South Carolina. I modify my amendment by striking out "$100,000,000", and inserting in lieu thereof "$300,000,000."

The VICE PRESIDENT. The clerk will state the amendment as modified.

The LEGISLATIVE CLERK. On page 36, it is proposed to strike out lines 20 to 25 and on page 37, lines 1 to 20 and insert the following:

(b) There are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of section 303 and pending the making of such appropriations. Any department, agency, official, or corporation utilized pursuant to this section is authorized subject to the approval of the President to borrow from the Treasury of the United States such sums of money as may be necessary to carry out its functions under this title, provided that the total amount so borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of $300,000,000 as any one time.

The VICE PRESIDENT. The question is on agreeing to the amendment, as modified, offered by the Senator from Ohio.

The amendment, as modified, was agreed to.

Mr. MAYBANK. Mr. President, will the Senator from Ohio state whether there has been agreement on the other amendment?

Mr. BRICKER. I shall not call up the amendment covering the same subject.

Mr. MAYBANK. The amendment, as amended, retains sections 302 and 303, does it not?

Mr. TAFT. Sections 302 and 303; yes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Ohio, as modified.

The amendment, as modified, was agreed to.

Mr. KEM. Mr. President, I call up my amendment B.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 46, between lines 18 and 19, it is proposed to insert the following:

(k) No rule, regulation, order, or price schedule issued under this act shall require any seller of materials or property to limit, average, or apportion his sales among price ranges on the basis of any average or apportionment of sales made at any prior time.

Mr. KEM. Mr. President, the purpose of the amendment is to forbid what has been known as the maximum average pricing, or the so-called MAP, that was put into effect by the War Production Board and the OPA under the old law. This program requires each seller of merchandise to sell exactly the same amount or quantity of merchandise in each price range to each customer as the seller had done in the base period.

When this regulation was proposed under the OPA there was immediate protest all over the country. A House committee, under the chairmanship of Representative HOWARD W. SMITH of Virginia, held extensive hearings, and recommended that the pricing program be forbidden. Later a Senate committee also held hearings, as the result of which in the second session of the Seventy-ninth Congress a bill was passed to prevent this program being put into effect.

Of course, the result of the proposal is very plain. Its effect can be illustrated by an example. In 1945 great numbers of white shirts accumulated in the hands of manufacturers. They were unable to sell the shirts and put them into channels of trade because they were unable to manufacture shirts of cheaper quality which would meet the necessities of the maximum average pricing.

It has been suggested that under the bill as drawn, maximum average pricing would be possible, and the purpose of the amendment is to restore to the bill the provision which was adopted by the Congress with respect to the old OPA law.

Mr. MAYBANK. Mr. President, I understood that the very able Senator from Missouri had reference to an old OPA law, as I talked with him once about the amendment. He did not tell me that, of course, but I checked, and I should like to state what the result would be. If the Senator differs with me, I should like to have him tell the Senate. One thing I do not think we can do on the Senate floor is to legislate OPA regulations into the bill. The Senator himself said that the amendment was an amendment against an OPA regulation.

Mr. KEM. No; I failed to make myself clear. I am asking the Senate to do exactly what the Senate and House did in the second session of the Seventy-ninth Congress with reference to the previous OPA law. There is no difference at all. We passed this as a law once.

Mr. MAYBANK. It was a regulation.

Mr. KEM. No; it was a law, a law passed by both Houses of Congress and signed by the President.

Mr. MAYBANK. Mr. President, this amendment would prevent the President from issuing a regulation which would prohibit a seller from shifting his average price line or from keeping the same proportion of sales in various price lines. For example, a seller might long have been selling shirts in the $2 to $5 range, perhaps a quarter of his sales being at each of the prices $2, $3, $4, and $5. It might be found advisable to prevent him prom shifting his buisness to the $5 line, abandoning the cheaper lines.

Such a shift would not be a direct violation of the price ceiling established on the $5 shirt, but the effect on the consumer would be much worse than an increase to $2.50 in the price of the $2 shirt.

Regulations of this sort could not, of course, require a person to sell if he did not want to. That is the complaint I have. Section 406 of the pending bill, I say to the distinguished Senator from Missouri, expressly prohibits any requirement of making a sale. But such regulations could prevent a person from so changing his line of business as to defeat the purpose of the bill.

In other words, Mr. President, the Senator's intention is absolutely commendable, and I admire his purpose, but from the legal standpoint, such regulations could prevent a person from so changing his line of business as to defeat the purposes of the bill.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from New Mexico.

Mr. ANDERSON. Does the Senator remember that this is the provision which caused us more difficulty in the OPA regulations than any other? A manufacturer of farm machinery would paint a stripe around a piece of material and put it into a wholly different category from that it was previously in. He was therefore permitted to go into all sorts of new price schedules. It was an amendment adopted at the time when we were nearing the end of OPA and were working out of regulation.

Mr. MAYBANK. The interpretation of it and the way it worked was what led to difficulties.

Mr. ANDERSON. It led to all sorts of difficulties all the way through, and would again.

Mr. KEM. Mr. President, will the Senator from South Carolina yield?

Mr. MAYBANK. I yield to the Senator from Missouri.

Mr. KEM. I desire to ask the Senator from South Carolina if it is not true that the regulation as put into effect by the OPA was found to be entirely unworkable, and if Congress did not intervene and pass a law to prevent the regulation being carried out, as the result of experience, careful investigation, and painstaking consideration of the whole situation?

Mr. MAYBANK. The Senator is absolutely correct. Many of the orders issued by the OPA were unworkable. But it would be incumbent that those affected be consulted before any such regulations could be put into effect again. The Senator from New Mexico has explained the difficulties experienced, and he was at the head of the Department of Agriculture at the time, a Cabinet officer. I believe that what the Senate from Missouri desires to have done cannot be done. I know that merchants would put an extra stripe in a collar and change the brand, and, as the Senator from New Mexico suggested, farm machinery could be painted with a red line instead of a black line.

Mr. KEM. I should like to ask the Senator from New Mexico whether when he was in the President's Cabinet he presented his view about this matter to the House committee and the Senate committee, which had extensive hearings on it, and, after careful consideration, decided that the maximum average pricing plan was not workable, and forbade it being used.

Mr. ANDERSON. I am sure that trying to handle this question by legislation certainly proved to be extremely difficult all the way through.

Mr. KEM. Did it not prove to be extremely difficult when the OPA undertook to make it work?

Mr. ANDERSON. Yes; I think it was very difficult for everybody.

Mr. KEM. Is it not better to withdraw the matter from the realm of impossibility by taking it to conference?

The VICE PRESIDENT. The Senator's time has expired. All time has expired.

Mr. KEM. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were not ordered.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Missouri [Mr. KEM].

The amendment was rejected.

Mr. THYE. Mr. President, while the Senator from Colorado [Mr. MILLIKIN] is getting himself into place to speak, may I ask a question?

The VICE PRESIDENT. The Senator from Colorado is in place.

Mr. THYE. To save time, may I ask a question of the able Senator from South Carolina, the chairman of the committee?

The VICE PRESIDENT. Will the Senator from Colorado displace himself momentarily and yield for that purpose?

Mr. MILLIKIN. Yes.

Mr. THYE. The able Senator from South Carolina again has referred to a provision of the bill under which hearings must be held, at which interested parties can be heard before any regulation is imposed. My question of the Senator from South Carolina is: Is the provision to which he referred to be found on page 74, under section 709?

Mr. MAYBANK. That, I think, is one provision. There are several provisions.

Mr. THYE. There has been considerable question in the minds of many with respect to this provision. Some feel that it is so vague that the section could be put aside and not considered; that no hearings would be required under it on the part of the administrator at which the related industries could appear, before regulations would be imposed. My only reason for asking the question is in the attempt clearly to define whether the provision of the bill found on page 74 under section 709 is the provision with respect to which the Senator from South Carolina stated to the Senate that under a provision in the bill the administrator must hold hearings and permit the interested parties to be heard.

Mr. MAYBANK. The Senator has asked me a question which would take quite a little time to answer. I do not know whether the time is now being charged against the Senator from Colorado.

The VICE PRESIDENT. It is. He soon will have no time left.

Mr. MAYBANK. Three answers can be found to the question. I shall be glad to discuss the matter with the Senator from Minnesota when we may have 5 minutes of our own to do so, and not take the time of the Senator from Colorado now.

Mr. THYE. I thank the distinguished Senator from South Carolina.

Mr. MILLIKIN. Mr. President, I call up my amendment dated August 18, 1950, lettered "P" which I offer and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The legislative clerk proceeded to state the amendment.

Mr. MILLIKIN. Mr. President, unless some Senator wishes to hear the amendment read in full, I ask unanimous consent that the remainder of the amendment not be read, but that the amendment be printed in the RECORD in full at this point.

The VICE PRESIDENT. The Senator from Colorado has asked unanimous consent that the reading of the amendment be waived and that the amendment be printed in the RECORD in full at this point. Is there objection? The Chair hears none, and it is so ordered.

Mr. MILLIKIN's amendment is as follows:

On page 32, between lines 16 and 17, insert "Subtitle A—General Expansion."

On page 35, line 23, before the period, insert a colon and the following: *"Provided further,* That the provisions of this section shall be without prejudice to, and shall be administered consistently with, subtitle B of this title."

On page 36, line 21, after the word "section", insert the following: "or pursuant to subtitle B of this title."

On page 38, between lines 9 and 10, insert the following:

"SUBTITLE B—METALS AND MINERALS

"SEC. 311. (a) It is the policy of the Congress that every effort be made to stimulate exploration for and conservation of strategic and critical metals and minerals and other essential metals and minerals by private enterprise to supply the industrial, military, and naval needs of the United States, and that every effort be made to encourage the development and maintenance of sources of these metals and minerals within the United States in order to decrease and prevent, wherever possible, a dangerous and costly dependence by the United States upon foreign nations for supplies of such materials. To this end it is the further policy of the Congress that every effort be made to maintain a sound and active mining industry within the United States; to expand exploration for those ores and other mineral substances which are essential to the common defense or the industrial needs of the United States; and to prevent the discontinuance of mine operations under such circumstances as to make it probable that production would not or could not be resumed when needed for the national economy or security.

"(b) In carrying out these policies small mining enterprises shall be encouraged to apply for aid under this subtitle, and for this purpose the Secretary of the Interior shall provide small mining enterprises with full information concerning this subtitle, and shall make special provision for expeditious handling of applications from small mining enterprises.

"SEC. 312. A Minerals Conservation Board, consisting of the Secretary of the Interior, the Secretary of Defense, the Secretary of Commerce, and the Secretary of the Treasury, is hereby established. The Secretary of the Interior shall be the executive chairman of the Board. The members of the Board may delegate their powers, functions, and duties, including those relating to appeals, to suitable officers of their respective agencies.

"SEC. 313. To carry out the policy of this subtitle, the Board shall by regulation determine—

"(a) the amount of money to be allocated to the aid of exploration, on the one hand, and to the aid of conservation, on the other hand;

"(b) the amount of money to be allocated to the aid of exploration for any metal or mineral or group of metals or minerals, as specified by the Board;

"(c) the amount of money to be allocated to the aid of conservation of any metal or mineral or group of metals or minerals, as specified by the Board;

"(d) the maximum price or the minimum price, or both, which may be paid for the purchase of any metal or mineral for conservation: *Provided,* That adequate allowance shall be made for depletion and depreciation in computing costs of operation or maintenance;

"(e) the maximum amount or the minimum amount, or both, which may be paid on account of participation in the costs of maintenance for conservation with respect to any metal or mineral;

"(f) the maximum amount or the minimum amount, or both, which may be paid to any producer or class of producers on account of exploration for any metal or mineral or group of metals or minerals, and the ratio which the Government's contribution for exploration shall bear to the contribution of any producer or class of producers for exploration;

"(g) the particular metals or minerals or ores thereof and specifications therefor that shall be eligible for aid for conservation;

"(h) the particular metals or minerals that shall be eligible for aid for exploration; and

"(i) the time limits or dates within which contracts for aid for conservation shall terminate.

"SEC. 314. (a) The Board shall promulgate such rules and regulations as may be necessary to carry out its functions and duties under this subtitle, and to provide fair and equitable treatment for all applicants for aid.

"(b) The Secretary, subject to the rules and regulations of the Board, may prescribe rules and regulations for carrying out the provisions of this subtitle and which must be complied with by applicants for contracts under the provisions of this subtitle.

"(c) The Secretary may delegate any of his functions under this subtitle.

"(d) All rules and regulations issued under the authority contained in this section shall be published in the Federal Register.

"SEC. 315. (a) Any producer may file with the Secretary an application for financial aid in carrying out a specified project for exploration or financial aid to conserve a deposit of ores or minerals. An application to conserve may be either for aid by participating in the costs of maintaining the property in stand-by condition or by purchasing all or any part of the metals or minerals resulting from production from such deposit. The application and the project for aid disclosed by the application must conform to the express policy and provisions of this subtitle and with the rules and regulations of the Board and of the Secretary: *Provided, however,* That simple contracts covering exploration projects shall be awarded upon application to small base metal mines and such contracts shall provide for the payment by the United States of one-half of the total reasonable costs of all tunnels, shafts, winzes, and raises in such a mine if the application or examination discloses that there is a reasonable promise of developing unknown or undeveloped sources of metals or minerals. All contracts covering exploration projects shall contain provisions for repayment to the United States of sums paid by the United States pursuant thereto, liability for such repayment to be limited to payment of a reasonable portion of profits accruing from production resulting from such exploration.

"(b) The Secretary shall cause qualified mining engineers, geologists, and any other necessary technicians to make examination of and to report on each application, and to certify it to the Secretary either for acceptance, as presented or subject to specified modifications, or for rejection. In the case of a project for exploration, the examining experts shall certify whether the project offers reasonable promise of discovering known or undeveloped sources of metals or minerals. In the case of a project for

aid to conserve a deposit of ores or minerals, either by participating in the costs of maintaining the property in stand-by condition or by purchasing all or any part of the metals or minerals resulting from production from such deposit, the examining experts, considering economic and practical factors, shall certify whether the project offers reasonable promise of maintaining in stand-by condition or in production, as the case may be, a property the production from which would, in the absence of financial aid by the United States, be discontinued or remain discontinued under such circumstances as to make it probable that for economic or technical reasons such production would not or could not be resumed when needed for the national economy or security.

"(c) The Secretary shall either accept and approve the application, subject to any modification therein which he may require, or he shall reject it: *Provided*, That if the Secretary's action on the application conflicts with the recommendation and certification of the examining experts, he shall refer the application to the Board; and the Board shall either confirm and approve the action of the Secretary, or shall reverse it, or shall direct the Secretary to reconsider it. Confirmation or reversal of the Secretary's action by the Board shall be final, and direction to reconsider shall place the application in the same status it was in before action upon it by the Secretary. If the Secretary accepts the application, either in its original or modified form, the terms of the application and acceptance shall be merged in a formal, written contract. Any applicant who is dissatisfied with the decision of the Secretary upon his application, may at any time within 30 days after receipt of notice of the decision, unless further time is granted by the Board, appeal to the Board, and the Board, as expeditiously as possible, shall review the entire matter, make its findings thereon, and notify the applicant of its decision, which shall be final.

"(d) All metals or minerals purchased under the provisions of this section, or such equivalent quantities thereof as may be permitted by the contract with the producer, shall be delivered by the producer to and shall be received and paid for by the Administrator of General Services at such places and times as may be provided in the contract. The Administrator shall from time to time, and in any event before selling them in the open market, notify the Munitions Board of the inventory of metals or minerals held by him under the provisions of this subtitle and shall continue to hold all metals or minerals received by him under this subtitle until at least 60 days after he has given the Munitions Board notice that they are so held. The Munitions Board may, as long as any such metals or minerals are held by the Administrator, (1) direct the Administrator to transfer any of them to the national security stockpile in accordance with the provisions of the Strategic and Critical Materials Stock Piling Act, as amended (53 Stat. 811, 60 Stat. 596), or (2) within 60 days after such notice from the Administrator direct him to hold any such metals or minerals listed in the notice until 60 days after the next succeeding appropriation for purchases for the stockpile has become available. Unless notified by the Munitions Board to either transfer any of such metals or minerals or to continue to hold them as provided in this subsection, the Administrator shall sell them in the open market if and when open-market prices will return to the Government at least the approximate average price paid by the Government for the metals or minerals, and only in such quantities as will not materially depress the market. No metal or mineral shall be transferred into the national security stockpile under the provisions of this subtitle unless the material has been found to be strategic and critical as provided in the Strategic and Critical Materials Stock Piling Act, and meets established specifications as to quality and degree of refinement or processing, and unless such transfer is consistent with the current stockpiling procurement program of the Munitions Board. Any transfer of metals or minerals to the national security stockpile shall be covered by a transfer of funds from appropriations available for purchases for the stockpile to the Administrator in amounts approximating what the cost of the metals or minerals would have been if purchased in the open market at the time of transfer.

"(e) Contracts entered into under the provisions of this section may be entered into without regard to sections 3648 and 3709 of the Revised Statutes, as amended, or other provisions of law prescribing the manner of making contracts on behalf of the United States.

"(f) No contracts shall be entered into under the provisions of this section for a period exceeding 2 years.

"SEC. 316. As used in this subtitle—

"(a) 'Secretary,' standing by itself, means the Secretary of the Interior.

"(b) 'Administrator' means the Administrator of General Services.

"(c) 'Board' means the Minerals Conservation Board.

"(d) 'Exploration' means exploration in the United States for unknown or undeveloped sources of metals or minerals, including undeveloped extensions of known deposits, conducted from the surface or underground, by surface trenching, core or churn drilling, tunnels, raises, winzes, or shafts, including recognized and sound procedures for obtaining pertinent geological information, and including metallurgical research on processes for the production of such metals or minerals.

"(e) 'Production' means the production of ores or minerals from mines in the United States, or from tailings, dumps, slags, or residues of such mines, which the Secretary determines would, in the absence of financial aid by the United States, be discontinued or remain discontinued under such circumstances with respect to each particular mine as to make it probable that for economic or technical reasons such production would not or could not be resumed promptly when needed for the national economy or security.

"(f) 'Small base metal mines' means mines or deposits of ores primarily producing or which in the course of conducting an exploration project primarily produce lead, zinc, or copper ores, or ores containing a combination of such metals, the average aggregate monthly production of which does not exceed 100 tons of lead, zinc, and copper metal combined.

"(g) 'Producer' means any person or persons or legal entity by whom or for whose account and interest exploration, maintenance, or production is to be or is being performed.

"(h) 'United States,' when used in a geographical sense, means the United States and its Territories and possessions.

"SEC. 317. This subtitle shall not be construed as superseding or amending the Atomic Energy Act of 1946 (60 Stat. 755), as amended."

Mr. MAYBANK. Mr. President, may I speak for a moment in the time of the Senator from Colorado?

The VICE PRESIDENT. The Senator from Colorado has not yet begun his statement.

Mr. MILLIKIN. Does the Senator from South Carolina wish to speak now before I have begun to present my case?

Mr. MAYBANK. I should like to make a statement.

Mr. MILLIKIN. The Senator can do so on his own time.

The VICE PRESIDENT. The Senator from Colorado is recognized.

Mr. MILLIKIN. Mr. President, the proposed amendment, with the exception of minor changes to bring it within the structure of the bill, is in the exact language of Senate bill 2105, which passed this body after considerable debate on October 6, 1949, and which went to the House Committee on Public Lands, where it was approved with amendments. A vote in the House was blocked by the House Rules Committee. Efforts to override the Rules Committee and pass the bill required a two-thirds vote, which was not secured, although more than a majority of those voting favored such action.

Senate bill 2105, from which this amendment is taken, was worked out in cooperation with the Secretary of the Interior, the Bureau of the Budget, and with the Munitions Board. It was the best bill that could be worked out considering all the varying opinions on the subject.

Very briefly, the purpose of the amendment is Federal aid to decrease and prevent wherever possible a dangerous and costly dependence by the United States on foreign nations for supplies of strategic, critical, and essential metals and minerals.

To further this objective there is provision for a Mineral Conservation Board consisting of the Secretaries of Interior, Defense, Commerce, and Treasury, with the Secretary of Interior as Executive Chairman of the Board.

Two kinds of activity are contemplated—one to aid exploration and the development of new sources of such minerals in this country; the other to aid in the conservation of known mineral deposits in existing mines in this country and to make such deposits available when needed.

The Board is given appropriate powers for putting these programs into effect and for the disposition of the mineral supplies which may result.

By specific provision the terms of this amendment are integrated into the whole program for expansion of productive capacity and supply contained in title III of the pending bill.

The present language in section 303 having to do with the supply of minerals does not spell out specific and adequate programs for developing such supply or the maximum feasible amount thereof within the limits of the United States and that is the main reason for this amendment.

Let me emphasize that the President will not be hampered by the amendment in any efforts which he determines should be made to secure foreign supplies of strategic minerals, or domestic supplies thereof unaffected by the amendment. He is not hampered in any program he may establish for doing preclusive buying to keep foreign minerals out of enemy hands. The amendment strengthens the hand of the President as Commander in Chief of our military forces.

The Board and the President will determine the size and the cost of the program under the amendment, and the

method of financing it will come under the other provisions of the pending bill either through the borrowing route provided in section 304 (b) or by appropriations authorized in section 711.

This amendment does not cripple or tend to cripple anything except our unsound dependence upon foreign strategic minerals. It fits within the general structure of the pending bill. It simply requires that among all the other choices of action open to the President under the bill, attention shall be given to exploration and development of our domestic mineral resources.

I wish time permitted me to discuss our stockpile situation, permitted me to develop the alarming scope of our dependence upon foreign minerals. I will simply remind the Senate of the facts of public record that this Nation is supplying only 74 percent of its copper consumption, 68 percent of its zinc production, 74 percent of our lead consumption; that practically speaking we are not producing in this country any tungsten, manganese, chrome, mercury, or a large number of other badly needed minerals.

A single well-placed bomb can destroy our principal foreign source of uranium. Submarines can destroy the carriers of the foreign strategic minerals on which we are dependent.

The passage last year of the bill from which this amendment is taken was a belated effort to plug a large loophole in our defenses. Adoption of the amendment at the present time is emergently and crucially needed.

Therefore I hope the amendment will be adopted.

The VICE PRESIDENT. The time of the Senator from Colorado has expired.

Mr. MAYBANK. Mr. President, there is no one who appreciates more than does the chairman of the committee the importance of the subject matter of the amendment. I have spoken about it to the distinguished Senator from Colorado and to Senators on this side of the aisle.

As the Senator from Colorado has said, the subject matter of the amendment was before us last year, and I voted in favor of it then. I understand that the bill on that subject is tied up in the House Rules Committee.

Mr. MILLIKIN. That is correct.

Mr. MAYBANK. However, I am fearful that adoption of the amendment as a part of the bill would precipitate in the conference a situation which would jeopardize the prompt enactment of the bill.

If the Senator from Colorado wishes to have me agree to take the amendment to conference, I shall be most happy to do so, although I call attention to the fact that the amendment covers the substance of a bill which we have already passed, but which is bottled up in the House Rules Committee.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. MILLIKIN. I wish to say that this matter was handled under the leadership of the distinguished senior Senator from Wyoming [Mr. O'MAHONEY].

Mr. MAYBANK. Oh yes.

Mr. MILLIKIN. I was glad to assist in that connection, insofar as I could.

The House committee approved the bill, but was unable to obtain a rule in regard to consideration of the bill by the House. A majority of the members of the committee favor enactment of the bill.

Mr. MAYBANK. Mr. President, I appreciate what the Senator from Colorado has said, and I appreciate what the Senator from Wyoming has done in connection with this matter.

I shall not object if they wish to have the amendment accepted and taken to conference; but I should like to have it understood that in the conference I will not insist on inclusion of the amendment, because this subject is now before the House Rules Committee, in connection with another measure.

Mr. MILLIKIN. Mr. President, I am not making a gesture. I hope the distinguished chairman of the committee will give his strongest personal support to the amendment. It goes to a vital part of our defenses.

Mr. MAYBANK. I will, just as I did last year in regard to the other measure.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. LANGER. I should like to call attention to the fact that we are short of antimony. Unless the amendment is adopted, we shall be faced with a very difficult situation; because in connection with the manufacture of steel, approximately 20 percent of the material used is antimony.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. JOHNSON of Colorado. This amendment contains many of the provisions which were in the act passed by the Congress during the last war, and which enabled us to obtain metals which helped in the winning of the war. So I think we should begin on this program now.

Mr. MILLIKIN. Mr. President, I ask for the yeas and nays on the question of adoption of the amendment.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. All time on the amendment has expired. The Chair cannot recognize at this time a Senator unless he is yielded to by the Senator in charge of the time; and the Senator in charge of the time has not yielded.

The question is on agreeing to the amendment of the Senator from Colorado [Mr. MILLIKIN].

The amendment was agreed to.

Mr. FULBRIGHT. Mr. President, I call up my amendment lettered "F," and ask that it be stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 59, in line 10, it is proposed to strike out the words "Such regulations" and insert in lieu thereof the following:

Such regulations may, notwithstanding any other provision of law, include provisions relating to any real estate construction credit extended, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended. Regulations issued under this section.

On page 62, it is proposed to strike out lines 12 to 19, inclusive.

COL. GEORGE W. COOMBS

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that I may yield to the Senator from Maryland [Mr. TYDINGS], without having the time he uses charged against the time available to me.

The VICE PRESIDENT. Only 5 minutes can be used by any Senator in connection with any amendment.

The Senator from Arkansas asks unanimous consent that he be permitted to yield the floor temporarily to the Senator from Maryland.

Mr. TYDINGS. For 1 minute only.

The VICE PRESIDENT. The request is that unanimous consent be given for this purpose, to permit the Senator from Maryland to proceed for 1 minute.

Is there objection? The Chair hears none, and the Senator from Maryland may proceed for 1 minute.

Mr. TYDINGS. Mr. President, while we are here today trying to preserve the best that civilization has produced, in the face of very threatening dangers, I should like to call attention to a circumstance which I think warrants a brief comment.

Col. George W. Coombs, of Kentucky, today is finishing his forty-second year on the staff of the Baltimore Sun. For 33 years continuously he has been a member of the Press Gallery, and for many years he has been treasurer of the National Press Club. He is getting along toward the sunset of life.

All of us know him very well. He is a gentleman, a scholar, and a fine American citizen.

I wish to pay to him, this brief tribute, which I am sure is shared by the large number of acquaintances and friends he has on Capitol Hill, and to wish him many years of happiness, good health, and contentment.

DEFENSE PRODUCTION ACT OF 1950

The Senate resumed the consideration of the bill (S. 3936) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Arkansas [Mr. FULBRIGHT].

Mr. FULBRIGHT. Mr. President, the purpose of the amendment may be stated very briefly. Under the bill as now written, the Federal Reserve Board has control of the regulation of credit in connection with new construction in the mortgage field, wherever private institutions participate. However, all construction credit in the governmental field—in other words, under the Government building programs, in connection with FHA and housing construction for

veterans—is not subject to control by the Federal Reserve Board. That part of the field comprises roughly one-half of the whole field.

The big difference is that under existing banking law the national banks will not lend more than 60 percent in the case of private mortgages. In other words, they require a 40-percent down payment, whereas, as we know, the down payments required under the Government program are very small. Recently, approximately a month or so ago, the President by means of Executive order increased the down payments by 5 percent. They still range from 5 percent to not more than 20 percent, I believe. So an inflationary influence exists in the field of governmental insured housing construction credit.

I think from a reading of the bill many persons receive the mistaken impression that the Federal Reserve Board has real power over governmental housing construction credit, whereas the fact of the matter is that the Federal Reserve Board does not have such power.

It is inconceivable to me that we should permit a down payment of 40 percent to be required in the case of private credit, but would leave governmental credit subject to the requirement of a down payment of as little as 5 percent, or sometimes ranging up to 20 percent. Of course the result of such a situation is to drive all the mortgages into the Government agencies.

So I think either we should take the Federal Reserve Board out of this field—because this field already is covered by the National Banking Act—or else the Federal Reserve Board should be given authority over the mortgages which are insured and guaranteed by Federal agencies.

This amendment simply gives to the Federal Reserve Board the power to determine the amount of down payment to be made, and the regulations to be imposed in that connection, in the field of mortgages guaranteed or insured by Government agencies.

This amendment was considered by the committee, and the committee turned it down. The reason for that, as the chairman will state, was I think the great concern that there might be some interference with the housing program on the part of the Federal Reserve Board. Of course there will be. Of course there should be. If we are serious at all about inflation, the only place we can make any impression upon it is in the field of Government construction; that is, construction loans guaranteed by the Government. If we are not serious about it, then I say we ought to delete the whole thing from the bill. I think it is entirely meaningless as now written. So, in order to be honest about it, I think we ought to adopt this amendment to extend the power of the Federal Reserve Board to the setting up of regulations in this field. I may say that the Joint Committee on the Economic Report specifically said in so many words that the over-all coordination of our fiscal policy ought to be in the hands of the Federal Reserve Board. The report of the Banking and Currency Committee leaves the impression that the Board ought to have this basic responsibility. It then proceeds to state, however, on page 47, that the primary responsibility in the field of mortgage credit is in the Housing and Home Finance Agency. I think it certainly ought to be clarified, and I offer this amendment in order to give the Federal Reserve Board the authority which I think we all would like it to have, to try to do something about credit, as I see it, in the tax field. That is the basic field so far as combating inflation is concerned. The next most basic one is the credit field.

The control bill as it relates as such to prices, about which we have argued so much, does not at all affect the real problem of inflation, but simply postpones its evil effects. In effect, I think it ultimately increases the evil effects of inflation, by reason of the very fact that they are postponed. But the field of credit control, along with taxes, is the field which is really and basically effective when it comes to the control of inflation.

I certainly hope the Senate will adopt this amendment. It would give an agency in which we all have confidence, I believe, really substantial power to do something in the field of mortgage credit.

The VICE PRESIDENT. The time of the Senator from Arkansas has expired.

Mr. MAYBANK. Mr. President, this amendment would authorize the Board of Governors of the Federal Reserve System to issue regulations relating to the extension of real estate construction credit, or the insurance or guaranty of such credit, by any Federal agency.

Under the bill as reported the President could issue such regulations, in spite of the provisions of existing law, with respect to such Government loans or insurance, after consultation with the Board of Governors. The amendment would transfer this authority from the President to the Board.

The committee considered and did not accept this proposal and I urge that the Senate reject it.

The Board of Governors of the Federal Reserve System have been given many new tasks under this bill, including the V-loans under section 301, consumer credit controls under section 601 and controls over private real estate construction credit under section 602. I question the wisdom of saddling them with an additional and extensive task.

Furthermore, it does not appear to me either necessary or appropriate to give the Board of Governors control over the credit functions of such executive agencies as the Veterans' Administration and the Housing and Home Finance Agency. These functions are not based solely on credit policies and problems, and should not properly be withdrawn from the control of the President.

Accordingly, I urge that this amendment be rejected.

I think the Senator from Arkansas will agree with me that the amendment would transfer authority from the President to the Board of Governors.

Mr. FULBRIGHT. That is correct. In actual effect, of course, I assume the Housing Authority would be the Agency which would act under the present authorization.

Mr. MAYBANK. If the Senator will bear with me, the committee considered but did not accept this proposal, and, of course, as the chairman of the committee, I would naturally oppose it, because we desired to leave as much authority with the President as possible.

Mr. SPARKMAN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. MAYBANK. I shall yield in a moment.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. MAYBANK. I yield.

Mr. FULBRIGHT. Is it not true that the control of consumer credit, which is with the Board of Governors of the Federal Reserve System, and which I think no one questions, is given here, yet there is no real substance to the power which we have given them over operating the field of mortgage credit, for the simple reason that the existing banking law already requires a minimum of 40 percent down payment? I do not think anyone would say that that is seriously inflationary, neither do I think anyone contemplates that we are going to increase the down payment in the near future, when we have got it so far out of line with the requirements of each public housing bill. That is the only point. There is not, in substance, so much given to the Federal Reserve Board under this bill, although the Board is mentioned in several instances.

Mr. MAYBANK. Mr. President, I differ with my distinguished friend from Arkansas in thinking that we give the Federal Reserve System a great deal of power. But the Senator also knows that we give the Federal Reserve Board power over the Veterans' Administration and the Housing and Home Finance Agency. I do not think the Government agencies which have been functioning so well, agencies such as the Housing and Home Finance Agency, under the direction of Mr. Foley, Mr. Richards, and others, ought to be placed under the Federal Reserve System.

Mr. FULBRIGHT. Mr. President, if the Senator will yield, the whole objective is not the promotion of building. I agree they have been functioning well. But the objective here is controlling inflation, and controlling a much greater extension of credit. That has not been even the objective of the Housing and Home Finance Agency. I do not want this amendment to be understood as casting any reflection upon or making any criticism of the Housing and Home Finance Agency.

Mr. MAYBANK. I do not suggest that.

Mr. IVES. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from New York?

Mr. MAYBANK. I yield.

Mr. IVES. The Senator from New York happens to be one of those who were inclined to favor this amendment when it was before the committee. Since

that time, the Senator from New York has gone into this matter to a considerable extent and has discovered that this amendment, if it should happen to be adopted, would mean that there would in all likelihood be no VA or FHA housing during the coming year.

Mr. MAYBANK. The Senator is correct.

Mr. FULBRIGHT. That is on the assumption that the administration of the proposed act will be wholly arbitrary. I do not know how the Senator from New York could arrive at any such conclusion.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MAYBANK. I shall yield presently to the Senator from Alabama the few remaining moments I may have. But I want to say that the American Legion and other agencies have been in touch with me by telephone and telegraph, and they are fearful that this amendment will do exactly what the Senator from New York has said.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. CHAPMAN in the chair). Does the Senator from South Carolina yield to the Senator from Illinois?

Mr. MAYBANK. I yield to the Senator for a question, after which I shall yield the remainder of my time to the Senator from Alabama.

The PRESIDING OFFICER. The Senator from South Carolina has remaining 30 seconds only.

Mr. DOUGLAS. Is it not true that in spite of the virtues of the Federal Reserve Board it has a distinct blind spot so far as veterans' housing is concerned and so far as public housing is concerned, and that to place this authority in the hands of the Federal Reserve Board would mean the guillotine?

The PRESIDING OFFICER. The time of the Senator from South Carolina has expired.

Mr. KERR. Mr. President, I ask unanimous consent that the Senator from South Carolina be given an additional minute.

The PRESIDING OFFICER. Is there objection?

Mr. WHERRY. Mr. President, I have no objection, except that if anyone on the other side of the debate wants another moment, I think he ought to be given it likewise.

Mr. KERR. I agree with that.

The PRESIDING OFFICER. Without objection, the Senator from South Carolina is recognized for one additional moment.

Mr. MAYBANK. I yield my remaining one moment to the Senator from Alabama, to whom I yielded some time ago.

Mr. SPARKMAN. Mr. President, the Senator from New York brought out the very point I wanted to suggest. It is that in the high-percentage Government-aid programs mentioned by the Senator from Arkansas we provide for veterans' loans, and we provide for a type of low-cost housing. In other words, we regulate the type, whereas so much of the conventional loan types which come under the Federal Reserve Board, and the 60 percent loans mentioned by the Senator from Arkansas, go into what might well be termed the luxury type of house. I do not believe that to get an adequate housing program we can afford to place an across-the-board limitation on it. In other words, the regulation must be such that it will look after the housing needs, while at the same time controlling the inflationary aspects of the program. For that reason, I believe that the committee arrived at a wise decision in trying to attain the balance by giving to the Federal Reserve Board control over the conventional type of private building, while retaining in the President, and, presumably, in the Housing and Home Finance Agency, but requiring consultation with the Federal Reserve Board, the type of housing for which Congress has provided under a definite housing policy.

Mr. FULBRIGHT. Mr. President——

Mr. KNOWLAND. Mr. President, will the Senator from Arkansas yield for a question?

Mr. FULBRIGHT. I yield.

Mr. KNOWLAND. The answer to the question may influence my vote on this amendment. Is it the Senator's interpretation that the Federal Reserve Board would have discretionary power to act differently in the case of low-cost housing mentioned by the Senator from Alabama or in the case of higher-cost housing which might not be so essential at the moment?

Mr. FULBRIGHT. Certainly. There is nothing in the amendment or in the bill which would restrict the making of allowances, but the housing agencies want no interference whatever. If our objective is to promote housing, of course, we should not have this amendment at all; there should not be anything about it in the bill. I assumed our objective was to try to exercise some control over inflation. There can be no question that inflation in the mortgage credit field is great, and that is the field in which the Government has insured mortgages. We cannot have our cake and eat it, too. As much was said in the committee regarding the prices of lumber and building materials as on any other one item, with the exception of meat, perhaps. I do not think we should assume that the Federal Reserve Board would act completely arbitrarily. The Board has some good judgment, I think.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. FULBRIGHT]. [Putting the question.] The "ayes" seem to have it.

Mr. MAYBANK and other Senators requested a division.

Mr. DOUGLAS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. SPARKMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hill	Millikin
Anderson	Hoey	Morse
Benton	Holland	Mundt
Brewster	Humphrey	Murray
Bricker	Hunt	Myers
Bridges	Ives	O'Conor
Butler	Jenner	O'Mahoney
Byrd	Johnson, Colo.	Pepper
Capehart	Johnson, Tex.	Robertson
Chapman	Johnston, S. C.	Russell
Chavez	Kefauver	Saltonstall
Connally	Kem	Schoeppel
Cordon	Kerr	Smith, Maine
Darby	Kilgore	Smith, N. J.
Donnell	Knowland	Sparkman
Douglas	Langer	Stennis
Dworshak	Lehman	Taft
Ecton	Lodge	Taylor
Ellender	Long	Thomas, Okla.
Ferguson	Lucas	Thomas, Utah
Flanders	McCarran	Thye
Frear	McCarthy	Tobey
Fulbright	McClellan	Tydings
George	McFarland	Watkins
Gillette	McKellar	Wherry
Graham	McMahon	Wiley
Green	Magnuson	Williams
Gurney	Malone	Young
Hendrickson	Martin	
Hickenlooper	Maybank	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. FULBRIGHT]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Arizona [Mr. HAYDEN], and the Senator from West Virginia [Mr. NEELY] are absent on public business.

The Senator from Rhode Island [Mr. LEAHY], and the Senator from Kentucky [Mr. WITHERS] are unavoidably detained on official business.

I announce further that if present and voting, the Senator from California [Mr. DOWNEY], the Senator from Arizona [Mr. HAYDEN], the Senator from West Virginia [Mr. NEELY], and the Senator from Kentucky [Mr. WITHERS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Washington [Mr. CAIN] and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The result was announced—yeas 34, nays 54, as follows:

YEAS—34

Brewster	Fulbright	Millikin
Bricker	George	Mundt
Bridges	Gurney	Russell
Butler	Hickenlooper	Saltonstall
Byrd	Hoey	Smith, N. J.
Capehart	Jenner	Taft
Cordon	Kem	Watkins
Darby	Knowland	Wherry
Donnell	Langer	Wiley
Dworshak	McClellan	Williams
Ecton	Malone	
Ferguson	Martin	

NAYS—54

Aiken	Flanders	Humphrey
Anderson	Frear	Hunt
Benton	Gillette	Ives
Chapman	Graham	Johnson, Colo.
Chavez	Green	Johnson, Tex.
Connally	Hendrickson	Johnston, S. C.
Douglas	Hill	Kefauver
Ellender	Holland	Kerr

Kilgore	Magnuson	Smith, Maine
Lehman	Maybank	Sparkman
Lodge	Morse	Stennis
Long	Murray	Taylor
Lucas	Myers	Thomas, Okla.
McCarran	O'Conor	Thomas, Utah
McCarthy	O'Mahoney	Thye
McFarland	Pepper	Tobey
McKellar	Robertson	Tydings
McMahon	Schoeppel	Young

NOT VOTING—8

Cain	Hayden	Vandenberg
Downey	Leahy	Withers
Eastland	Neely	

So Mr. FULBRIGHT's amendment was rejected.

Mr. SALTONSTALL. Mr. President, I offer my amendment 8–17–50–I.

The PRESIDING OFFICER. The Clerk will state the amendment.

The LEGISLATIVE CLERK. On page 45, between lines 16 and 17, it is proposed to insert the following:

(4) No ceiling shall be established or maintained for any fishery commodity below the higher of the two following prices: (i) A price determined by the Secretary of the Interior to be generally representative of those received by fishermen for such commodity during the calendar year 1946, adjusted by the Secretary of the Interior for grade location, and seasonal differentials, or (ii) a price for such commodity determined by the Secretary of the Interior to be generally representative of the prevailing prices received by fishermen for such commodity during the period from May 24, 1950, to June 24, 1950, inclusive, or in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal marketing conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the Secretary of the Interior, they are generally representative, with adjustments by the Secretary of the Interior for grade, location, and seasonal differentials. No ceiling shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any fishery commodity below a price which will reflect to fishermen producing such fishery commodity a price for such fishery commodity equal to the higher price thereof specified above: *Provided*, That in establishing and maintaining ceilings on products resulting from the processing of fishery commodities a generally fair and equitable margin shall be allowed for such production, processing, and marketing. The President from time to time shall adjust ceiling prices for fishery commodities, and commodities processed or manufactured in whole or substantial part therefrom, in order to make appropriate allowances for unusual increases in costs of production, processing, and marketing, and factors which result from the hazards occurring in connection with the production, processing, and marketing of such fishery commodities. The President shall stabilize salaries, wages, or other compensation of those fishermen whose compensation is customarily based upon shares of amounts procured from the sale of fishery commodities or products thereof in such manner as to preserve the customary relationship between such compensation and the amounts so procured, without regard to the provisions of paragraph (2) of this subsection.

Mr. SALTONSTALL. Mr. President, this amendment endeavors to recognize the importance of the fishing industry as a source of food and endeavors to recognize that it has certain hazards similar in nature to some of those faced by agriculture.

The bill as it now stands on pages 44 and 45 applies certain principles to agriculture in an endeavor to try to avoid as best we can some of the pitfalls which took place during the OPA administration during the recent war which made almost unprocurable at any price certain agricultural commodities.

The amendment endeavors to set up a criterion by which a fair price shall be established for fish. It sets up for this purpose the higher of the two following prices: First, a price determined by the Secretary of the Interior to be generally representative of prices received by fishermen for such commodity during the calendar year 1946 to a year when the price of fish was both under and without control, adjusted by the Secretary of the Interior for grade, location, and seasonal differentials; or, second, a price for such commodity determined by the Secretary of the Interior to be generally representative of the prevailing prices received by fishermen for such commodity during the period from May 24, 1950, to June 24, 1950, inclusive, or in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal marketing conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the Secretary of the Interior, they are generally representative, with adjustments by the Secretary of the Interior for grade, location, and seasonal differentials. No ceiling shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any fishery commodity below a price which will reflect to fishermen producing such fishery commodity a price for such fishery commodity equal to the higher price thereof specified.

The amendment also provides for a generally fair and equitable margin, not only for production, but for processing and marketing. In addition to this, it recognizes the fact that many fishermen work on what is called "shares." That is, their wages are determined by the total price received by the ship for their total catch. It can be clearly seen from this that the fishermen's wages are tied directly to the ceiling price of fresh fish landed at fish piers. There was considerable trouble in facing this actual fact during the OPA administration. This amendment seeks to clarify this point, which is of exceeding importance to the men who make their living going to sea and fishing.

We in New England want the agricultural communities to recognize the fact that fish is an exceedingly important source of food. It is important throughout our country and I hope that no ceilings will be placed through any provisions of this bill that will do serious or permanent injury to all the people depending upon fishing for their livelihood and at the same time be fair to the consumers. That, Mr. President, is the real basis for this amendment. I am perfectly willing to admit that in the preparation of this amendment speed was of the essence and the language may not be the best that can be provided in order to accomplish the purpose which I have outlined.

Mr. President, I hope the chairman of the Committee on Banking and Currency will take the amendment to conference and so perfect it that it will accomplish the purpose desired, if it is not in proper form as I have offered it.

I yield the rest of my time to my colleague the junior Senator from Massachusetts [Mr. LODGE].

Mr. LODGE. Mr. President, I have received a brief from the Atlantic Fishermen's Union. I should like to ask my colleague whether the amendment covers what they desire.

Mr. SALTONSTALL. I believe it covers the principles suggested by the fishermen's union. I think it also covers the principles suggested by the processors and by others interested in the fishing industry. We have tried to make it cover all the classes.

Mr. THYE. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I have yielded the remainder of my time to my colleague.

Mr. LODGE. Mr. President, I should like to make a brief statement, and then I shall be glad to yield to the Senator from Minnesota, although I do not think there is much time.

I should like to add my expression of hope to that of my colleague that the amendment will be adopted, for the reason that fish is a very important article of food, and is entitled to be the beneficiary of the same type of philosophy we adopt for other food producers.

I call the attention of the Senate to the fact that Public Law 548, Seventy-ninth Congress, chapter 671, second session, House Joint Resolution 371, a joint resolution extending the effective period of the Emergency Price Control Act of 1942, contained a provision in section 7 reading as follows:

SEC. 7. Section 2 (i) of the Emergency Price Control Act of 1942, as amended, is amended to read as follows:

"(i) For the purposes of this act and the Stabilization Act of 1942, as amended, fish and other sea food shall be deemed to be agricultural commodities, and commodities processed or manufactured in whole or substantial part from fish or other sea foods shall be deemed to be manufactured in whole or substantial part from agricultural commodities: *Provided*, That the provisions of section 3 of the Stabilization Act of 1942, as amended, shall not be applicable with respect to fish and other sea foods and commodities processed or manufactured in whole or substantial part therefrom, but the maximum price established for any fish or sea food commodity or for any commodity processed or manufactured in whole or substantial part therefrom shall not be below the average price therefor in the year 1942."

Mr. President, I mention this to show that there is precedent for the Senate taking the kind of action requested. Congress has on another occasion come to the same conclusion, after deliberation and study. It seems to me this is

a further reason why it is justifiable to urge the adoption of the amendment.

I yield to the Senator from Minnesota.

The VICE PRESIDENT. The junior Senator from Massachusetts cannot yield.

Mr. SALTONSTALL. Mr. President, I yield to the Senator for a question.

Mr. THYE. Mr. President, the amendment relates to all commercial fishing, or commercial fish prices, whether salt or fresh fish, does it?

Mr. SALTONSTALL. It does; there is no distinction.

The VICE PRESIDENT. The Senator's time has expired.

Mr. MAYBANK. Mr. President, this is a typical example of trying to legislate OPA regulations on the floor of the Senate. With all my respect and deep appreciation for the junior Senator from Massachusetts and the senior Senator from Massachusetts, I wish to make a statement about the amendment.

The wage portion of this amendment would, in effect, exempt fishing from normal wage-stabilization policy and establish a rigid method of acting upon wages in sea-fishing operations where fishermen typically are paid a fixed share of the proceeds of the sale of the catch. This would be done by stabilizing the sharing ratio, regardless of the effect of this action upon fishermen's earnings. If the catches are large, earnings may rise without limit, leaving earnings behind in other industries where rates are stabilized and in other parts of the fishing industry where workers are paid by the day or the piece. If the catches are small, earnings will fall, and it will be impossible for the board or agency administering the wage-stabilization program to make any kind of equitable adjustment designed to support earnings. No such rigid standard is set in the bill for any other industry or situation.

I agree with what the junior Senator from Massachusetts said in part. But we have not had time to study the fishing industry and we do not have enough information to provide special treatment for this industry. Since we are unable to do the same thing for many other industries, and since the bill does provide the flexibility essential for a fair and equitable treatment of all industries and their employees, I do hope the Senate will reject this amendment.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. The Senator mentioned one of the provisos. There are two provisos in the bill. The other proviso would allow the Secretary of the Interior to study the prices for fish for the same period and to suggest treatment such as is accorded some other agricultural commodities. There are hazards in the fishing industry which are different from those encountered in the production of agricultural commodities.

I hope the Senator will take the amendment to conference and that some appropriate provision can be drafted, because I believe it is not fair to fishermen that the bill should contain no provision concerning them, when we are taking care of poultry raisers and producers of various other agricultural commodities. I hope the Senator will take the amendment to conference, and if it is not in proper form I shall be glad to cooperate in working it out in proper form. I repeat, I hope the Senator will take it to conference.

Mr. MAYBANK. Mr. President, I thoroughly agree that the Senator speaks the thoughts of many fishermen, but the amendment does not include those who fish for crabs or shrimp or other types of fish, or oysters, or others interested in what comes out of Chesapeake Bay. The Congress spent much time in developing support programs, but it did not see fit to include fishing products.

I deeply sympathize with the Senator and the plight of the New England fishermen, and other fishermen, those of the South Atlantic and those on the West Coast. Nevertheless, I do not see how we could take the suggested action relating to fish unless we did the same thing for the crab men and the shrimp men.

Mr. SALTONSTALL. Mr. President, I point out in answer to the Senator from South Carolina this amendment is drawn in order to cover shrimp, oysters, any fresh water fish, or any other sea food. When the Senator is taking care of agricultural products, it seems to me fair to take care of fish.

Mr. MAYBANK. Let me say to the Senator that I am not taking care of any agricultural products. The only agricultural amendment I have offered was by request.

The VICE PRESIDENT. The time of the Senator has expired. All time on the amendment has expired. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. SALTONSTALL]. [Putting the question.] The "ayes" seem to have it.

Mr. MAYBANK. I ask for a division.

On a division, the amendment was rejected.

Mr. McCLELLAN. Mr. President, on behalf of the Senator from Mississippi [Mr. STENNIS] and myself, I call up an amendment which we have at the desk, which we offer and ask to have stated. The amendment is dated 8–10–50–D.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 68, line 10, after the word "act," it is proposed to insert a comma and the words, "and the heads of regional or State offices of such agency."

The VICE PRESIDENT. The Senator from Arkansas is recognized for 5 minutes.

Mr. McCLELLAN. Mr. President, I will try not to consume the entire 5 minutes.

Subsection (b) on page 68, to which the amendment applies, provides:

> The head of any independent agency created to administer the authority conferred by title IV of this act shall be appointed by the President, by and with the advice and consent of the Senate.

Our amendment simply broadens that language or extends it to include the administrators of regional offices, and also of the State offices who administer the new agencies which the President is given the power to create.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. BRICKER. Will the amendment also include the assistant director or assistant administrator?

Mr. McCLELLAN. No, not as we have prepared it. I will be glad to modify the amendment to include the national assistant director. I do not think we should go as far as to include the assistant State director.

The VICE PRESIDENT. Will the Senator please state his modification?

Mr. McCLELLAN. The language of the bill is "The head of any independent agency created to administer," and so forth. After the word "head" I modify the amendment by inserting "and assistant head."

The VICE PRESIDENT. The Senator from Arkansas has modified the amendment.

Mr. McCLELLAN. Mr. President, I wish to make merely a brief statement. Senators feel they are burdening themselves by increasing the number of appointees they must confirm. But I say the bill is far reaching in its scope. I do not know to what extent these powers may go once we put into effect these controls and set up these agencies. These men are going to have powers far beyond the power of a United States district attorney or a United States marshal, whom the Senate insists upon confirming. I say we will secure better administrators if their nominations are submitted to the Senate for confirmation. I want the confirmation under this bill extended to include the State administrators.

Mr. President, I wish to say that my good friend and colleague the Senator from Mississippi [Mr. STENNIS] joined with me in the amendment, and I shall be very happy to yield to him for a statement.

Mr. STENNIS. Mr. President, I am sure all of us have been impressed during the progress of this debate with the tremendous powers granted by the bill which will be vested in these administrators. Tremendous powers reside not only in the top man nationally, but in every one of the State administrators. It can develop that they will become virtually dictators of the economy of the States in which they serve. I think it is our duty to provide that the names of the appointees shall be channeled through the Senate, so that we may pass on the attitude the appointees have with respect to our economy, and their responsibility to public law. I therefore am especially in favor of the amendment.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield the remainder of my time to the Senator from Nebraska [Mr. WHERRY].

The VICE PRESIDENT. The Senator from Nebraska is recognized for 1 minute.

Mr. WHERRY. The distinguished Senator from Arkansas has accepted a modification which provides that not only the regional directors and State di-

rectors, but also the assistant national head, as well as the national head, shall be confirmed by the Senate. The amendment, as modified, takes care of an amendment I have presented, dated 8–15–50–J. The modified amendment would accomplish the purposes sought by my amendment. The amendment the Senator from Arkansas has offered extends confirmation even beyond the assistant national head, to the heads of regional offices and also to the State administrators. I think it is an amendment which ought to be adopted unanimously by the Senate, because under the bill tremendous power is granted, and as the distinguished Senator has already mentioned, when that power will terminate, of course, is a matter of speculation. Therefore, as long as the bill is in operation certainly we ought to have something to say about those who are to administer all the allocations and controls over the people of our States.

Mr. MAYBANK. Mr. President, I speak now not for myself but for the committee. The question of Senate confirmation of the heads of the regional or State offices of the independent agency administering title IV was raised in committee and rejected. If I remember correctly, only three members voted in favor of the proposal. The committee felt that it was sufficient if the head of this agency should be confirmed by the Senate. He will be the officer responsible for the administration of the whole program and his regional and State officers should be under his direct control and supervision and responsible to him. The operations of this agency will be carefully watched by the special committee and it will be the responsibility of the head thereof to account to that committee for any acts of his subordinates.

The committee was overwhelmingly in favor of rejecting the amendment. As a member of the committee, and as one who holds certain beliefs with respect to certain matters, I will say frankly that I voted for the amendment in the committee, but the committee was overwhelmingly against it. I trust the Senate will follow the wishes of the committee.

Mr. WHERRY. Mr. President, on page 67, line 21 of the bill, we find the following language: "The President is authorized to appoint heads and assistant heads" of any such new agencies.

Mr. MAYBANK. The Senator from Nebraska has an amendment which he says is covered by the amendment of the Senator from Arkansas, as modified. I am speaking solely with respect to the amendment sponsored by the Senator from Arkansas and the Senator from Mississippi.

Mr. WHERRY. The amendment of the Senator from Nebraska provides that assistant national heads shall be included in the language of subsection (b) on page 68. It seems to me that inasmuch as the committee wrote the language that the President is authorized to appoint heads and assistant heads, confirmation should be had in both cases.

Mr. MAYBANK. I may say that the committee felt that those who are appointed to be national heads should be confirmed. In other words, an individual is appointed to a position in the Federal Government in Washington, as a national officer. The committee believed such an appointee should be confirmed by the Senate. But the committee did not believe that those persons appointed to be State heads should be confirmed. Under the bill, of course, the governor of the State would make the local appointments.

Mr. WHERRY. The Senator would not object, would he, to the amendment of the Senator from Nebraska which provides for confirming the assistant national head as well as the national head of the organization?

Mr. MAYBANK. I would not want to embarrass the distinguished Senator from Arkansas. I went as far as he did.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. MYERS. Do I understand the amendment provides that the State administrators——

Mr. MAYBANK. The State directors.

Mr. MYERS. And the assistant State directors must have Senate confirmation? Does it occur to the Senator that that is the easiest way to throw this whole thing into politics, and that unless the individual is politically pleasing, he is not going to be confirmed.

Mr. MAYBANK. I have no such amendment, I will say to the Senator from Pennsylvania.

Mr. MYERS. I know the Senator has not, but does he not agree with the Senator from Pennsylvania, that such procedures would throw the whole thing into the field of politics?

Mr. MAYBANK. Of course that occurred to the committee. I have my own ideas on the subject.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. McCLELLAN. As the amendment is drawn, it does not apply to confirmation of the assistant heads of the State agencies, but does apply to confirmation of the State administrators. If that is putting the matter into politics, then we need a little more politics in this country.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. MAYBANK. I promised the Senator from Pennsylvania that I would yield to him next. I yield to him at this time.

Mr. MYERS. I thank the Senator.

Mr. President, let me say that perhaps we need a little more of that kind of politics, as the Senator has said——

Mr. MAYBANK. I never said that. [Laughter.]

Mr. MYERS. I am replying to the Senator from Arkansas in making the statement I just made. In reply to the Senator from Arkansas, I say to the Senator from South Carolina that perhaps we need this kind of politics; but God help the United States if we get this kind of politics in connection with the administration of an agency engaged in developing the national defense of our country.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. McCLELLAN. What I mean is that when we are going to delegate the tremendous powers which will be delegated by means of this bill, it behooves the Senate of the United States to have something to say about those who are going to administer those powers.

Mr. WHERRY. That is correct.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. ROBERTSON. The chairman of the committee will recall, Mr. President, that in the committee I proposed that we permit the Governor of each State to appoint the State director.

Mr. MAYBANK. Yes.

Mr. ROBERTSON. However, a majority of the committee did not seem to favor that proposal.

Then by a rather large majority the committee voted in favor of a provision requiring confirmation by the Senate.

Mr. MAYBANK. No; in the committee we rejected that proposal.

The VICE PRESIDENT. The time of the Senator has expired; all time on the amendment has expired.

The question is on agreeing to the amendment of the Senator from Arkansas. [Putting the question.]

The amendment was agreed to.

Mr. YOUNG. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

Mr. HICKENLOOPER. Mr. President, what is the number of the amendment?

The VICE PRESIDENT. The amendment has not been printed.

The amendment will be stated at this time.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

In order to assure adequate supplies of agricultural commodities for defense purposes, the Secretary of Agriculture is authorized and directed to make available through loans, purchases, or other operations, price supports of basic farm commodities at not less than 90 percent of parity, and may support any nonbasic farm commodity at not less than 90 percent of parity if he deems it necessary to do so for defense purposes, providing such support of any given commodity does not, in the judgment of the Secretary of Agriculture, result in the production of excessive supplies of said commodity.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. MAYBANK. I should like to ask the Senator if copies of the amendment are available?

Mr. YOUNG. The amendment has not been printed. The one I had printed and which I intended to offer has been considerably modified but would still extend the present 90 percent price support program for farm commodities.

Price supports under the Anderson Act are due to drop from 90 percent to 80 percent for the 1951 crop.

Mr. MAYBANK. I have just been handed a copy of the amendment, but I do not believe copies of the amendment are available to Members of the Senate generally.

Mr. YOUNG. Mr. President, is the time taken by the Senator from South Carolina at this point charged to the time available to me?

The VICE PRESIDENT. It is.

Mr. YOUNG. Mr. President, I wish to proceed, and I refuse to yield.

Let me say that the amendment is very simple. It is on the order of the Steagall amendment, which was in effect during the last war; but this amendment is not nearly as rigid as the Steagall amendment was.

My amendment provides that the Secretary of Agriculture shall support the prices of basic agricultural commodities, at levels not less than 90 percent of parity, if he deems it necessary in the war effort, in order to provide the necessary stocks of commodities for the war effort. If the Secretary of Agriculture finds that excessive stocks are on hand, he can reduce the support price.

Mr. President, fluctuations in the prices of agricultural commodities cause them to be entirely different in this respect from other commodities. Presently and during the past 2 or 3 years, the prices of basic agricultural commodities have been almost exactly the prices set by the price-support program.

Normally a 250,000,000-bushel carry-over of wheat is all that is necessary. The critical world situation, however, with the possibility of a major war, makes it necessary that we maintain rather sizable stocks in reserve of all major farm commodities. This carry-over, or reserve, is a very depressing factor on market prices. Building up this necessary reserve means there is no possibility of the prices of these farm commodities going above support level. Because of these and other reasons farmers who are being asked to increase production should be entitled to at least the present price level. If prices fall to 80 percent of parity, as they are scheduled to under the Anderson Act, the farmer will be penalized. With a 600,000,000-bushel carry-over of wheat as may be necessary, there would be no chance that wheat ever would rise in price above price-support level, even if that level were only 60 percent of parity.

This amendment does not increase the price-support level—it merely prevents a drop. In other words the amendment merely provides that the 10-percent reduction in the prices of basic farm commodities, which is supposed to go into effect next year, will be postponed if the Secretary of Agriculture deems it advisable to support the prices at a higher level in order to encourage greater production.

I should like to point out that since 1947 the prices of the farm commodities have dropped drastically. In 1947 the net income to farmers was $17,800,000,000. In 1950 it is estimated to be only $13,000,000,000. This drop in farm income was during a period when wages to labor and the prices charged by industry increased greatly.

I should also like to point out that in the case of the basic farm commodities, after 17 years of the operation of this support program up to date there is presently a net profit of $50,000,000. I think that fact often is overlooked. Let me repeat that after 17 years of the operation of the price-support program, so far as basic commodities are concerned, as of today we still have a $50,000,000 profit.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. RUSSELL. Do I correctly understand that the Senator's amendment provides that the provision of 90 percent of parity in the case of basic commodities—which provision is in effect for this crop year—shall be extended into the next crop year, and that the Secretary of Agriculture shall have authority to fix that as the support program for nonbasics which are necessary to the war effort?

Mr. YOUNG. That is correct.

Mr. RUSSELL. I see no objection to the amendment.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. WILLIAMS. I merely wish to ask the Senator from North Dakota, in connection with his statement that the support program has made a profit of $50,000,000 during the past 17 years, whether he is aware that that situation comes about only as a result of the fact that the Commodity Credit Corporation has been listing as profits nearly $4,000,000,000 of appropriated funds.

Mr. YOUNG. The $4,000,000,000 the Senator speaks of was for consumer subsidies during the last war charged to the Commodity Credit Corporation. They had nothing to do with the price-support program to farmers. The Commodity Credit Corporation is selling some of its stock of cotton at the present time at a very handsome profit. Spring wheat, too, has been selling at a little above the support price, for a considerable length of time. But when we have a 400,000,000- or 500,000,000-bushel wheat surplus—and we have to have a surplus of about that much or more in view of the present critical world situation—there is little chance that wheat ever will rise in price above any support level whether it be at 90 percent, 70 percent, or 60 percent of parity. For example, when wheat marketing is exceptionally heavy in the fall, there would never be a price above the support level, even if the support level were only 60 percent of parity.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. HUMPHREY. Would the amendment provide, for example, that in the case of a shortage of linseed oil or of any other flax product, the support price would be no more than 90 percent of parity?

Mr. YOUNG. No; the Secretary of Agriculture can go above 90 percent. The amendment does not change the provisions of law which would apply in that situation at all. There is a provision in the Agricultural Act itself which allows the Secretary to support at any level above 90 percent if he deems it necessary to provide the increased production to meet an emergency situation. Should this amendment be defeated I believe the Secretary of Agriculture can support farm-commodity prices at 90 percent of parity although it is not mandatory. I hope he will do so at least during this war situation. Since this amendment was offered in the Senate last week the Secretary has announced that he may support basic commodities at 90 percent of parity for next year. I hope he will do so even though it isn't mandatory under the existing legislation.

Mr. HUMPHREY. But in the case of the nonperishables, the Secretary of Agriculture could permit the price to go up to at least 90 percent of parity; is that correct?

Mr. YOUNG. That is correct.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. CAPEHART. What the Senator from North Dakota really is proposing is the Steagall amendment of World War II. Is that not correct?

Mr. YOUNG. Yes; except this amendment is somewhat milder. I would offer an amendment exactly the same as the Steagall amendment if I thought there was any chance of passage.

Mr. CAPEHART. Mr. President, I think the amendment is splendid, and I shall support it.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. YOUNG. I yield.

Mr. LANGER. The distinguished Senator is proposing to protect the farmers of the United States, is he not?

Mr. YOUNG. Yes. Personally, I should like to go further than the amendment goes, but I have compromised somewhat in order to obtain more farm organizational support. I understand that the Farmers' Union is in favor of the amendment but would prefer an even higher level. I understand that the Grange is completely in support of the amendment as written.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, a letter I have received today from J. T. Sanders, legislative counsel of the National Grange.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL GRANGE,
Washington, D. C., August 21, 1950.

Hon. MILTON R. YOUNG,
Senate Office Building,
Washington, D. C.

DEAR SENATOR YOUNG: We understand that you intend to propose today the following amendment to the Defense Production Act of 1950:

"In order to assure adequate supplies of agricultural commodities for defense purposes the Secretary of Agriculture is authorized and directed to make available through loans, purchases, or other operations, price supports of basic farm commodities at not less than 90 percent of parity, and may support any nonbasic farm commodity at not less than 90 percent of parity if he deems it necessary to do so for defense purposes, providing such support of any given commodity does not, in the judgment of the Secretary of Agriculture, result in the production of excessive supplies of said commodity."

We believe this amendment would be a very useful change in the act and heartily

recommend its passage for the following reasons:

1. It would remove much of the uncertainty which would adversely affect production, and would assure the Nation the necessary supplies of defense farm products.

2. The provision would insure the preservation of the principle of flexibility of support if supply of any commodity threatened to become excessive.

Thus with the reasonable double assurance of adequate supplies and that excessive supplies will be avoided, we would greatly facilitate the maximum nonwasteful contribution of farmers to defense preparation.

Sincerely yours,

J. T. SANDERS,
Legislative Counsel.

The VICE PRESIDENT. The time of the Senator from North Dakota has expired.

Mr. ANDERSON. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. ANDERSON. Without encroaching upon the time of the chairman of the committee, is it not possible for me to rise to speak against the amendment on the ground that it is not germane to the bill?

The VICE PRESIDENT. Such a point of order can be made at any time.

Mr. ANDERSON. Mr. President, I make the point of order that the amendment is not germane to the bill. I shall be glad to discuss the point of order, if the Vice President desires that I do so.

The VICE PRESIDENT. The Chair will be glad to hear the Senator briefly. The Chair supposes that the 5-minute limitation applies in connection with a point of order, as well as in connection with any other procedure at this time.

Mr. ANDERSON. Mr. President, I call attention to the fact that section 402 of the Agricultural Act of 1949 permits the Secretary of Agriculture to raise agricultural prices to any level which may be necessary. It gives him full authority to do anything he may wish to do in that connection.

The purpose of the pending bill is to prevent inflation, preserve the value of the national currency, insure that defense appropriations are not dissipated by means of excessive costs and prices, and so forth. Those purposes are stated at various places in the bill.

Under the amendment now proposed, the Secretary of Agriculture would be required arbitrarily to raise commodity prices to 90 percent of parity and to hold them there as long as the bill remained on the statute books, I suppose. Under the amendment, the Secretary of Agriculture would be required to hold the prices of agricultural commodities to 90 percent of parity, not to 60 percent of parity, if there were a shortage.

Mr. President, we have a shortage of tung nuts; it is impossible to obtain a sufficient supply in the United States. This amendment would require the setting of a price level of 90 percent rather than 60 percent. Honey is under a 60 percent category. We are not suddenly going to increase the number of bees or the number of flowers from which they can get honey. But this proposal would require 90 percent on honey, because it could not be excessive. Dairy products are at 75 percent, potatoes at 60 percent, and so on through the list. I submit that this amendment is not designed to preserve the purchasing power by the present dissipation of individual savings. All the way through the whole theory of the bill is to prevent excessive prices, and the only point in this proposal is to try to make sure that the farm prices are raised.

The Secretary of Agriculture has agreed for the year 1951 that certain agricultural commodities shall be supported at 90 percent. He has done that under authority of the existing act, and I submit it is all wrong suddenly to compel him to carry things through the years the present emergency which now seems to be confronting us may continue.

I believe the amendment is absolutely not germane to the bill. I think any complete examination and study of it in connection with section 402 of the present law will show that it is not germane at all to the pending bill. If it were only for the purpose of making it possible to try to develop production, then it falls of its own weight, because section 402 goes much further than this proposal goes. It is purely a device to saddle 90 percent supports back on the war crops, as has been done by other legislation. We are still holding 90 percent supports on potatoes, because of that, and many people realize——

Mr. BREWSTER. Mr. President, if the Senator will yield, does he intend to say that potatoes are supported at 90 percent?

Mr. ANDERSON. They are supported at 60 percent, but we are still holding potatoes because of the original provision written into the law that we had to maintain under the Steagall legislation prices for a period of 2 years after the war, and it is only because we have fought situations of that nature that we have excessive costs all the way up and down the line.

Mr. BREWSTER. Will the Senator make it clear that potatoes——

Mr. ANDERSON. Next year, as the law stands, there will be no support price on potatoes whatever. And what was it that destroyed support prices on potatoes? The level became too high. Instead of permitting the Secretary of Agriculture to have any discretion or to make any move, tung nuts went up to 90 percent, where they did not belong; wool, to 90 percent; honey, to 90 percent; dairy products, to 90 percent; and so on down through the list. The Congress spent a long time trying to work out a flexible system of price supports. I submit this is not possible in accordance with the terms of the amendment. If Senators will look at a section of the bill, page 40, subparagraph b, they will find the words, "establishing ceiling or ceilings on the price." This amendment establishes floors, not ceilings.

Mr. WHERRY and Mr. CAPEHART addressed the Chair.

The VICE PRESIDENT. Does the Senator from New Mexico yield, and if so, to whom?

Mr. ANDERSON. I yield to the Senator from Nebraska.

Mr. WHERRY. Does not that make it germane, though?

Mr. ANDERSON. The fact that it establishes floors, when the bill is designed to hold down the cost of living?

Mr. WHERRY. I see the point which the Senator makes relative to the merits of the proposal.

Mr. ANDERSON. The amendment is just the opposite of the bill.

Mr. WHERRY. But from the fact that in the very section mentioned by the Senator the bill proposes ceilings, why is it not germane if it also proposes floors?

Mr. ANDERSON. Because the objective of the bill is to control the cost of living.

Mr. WHERRY. I understand.

Mr. ANDERSON. This amendment is designed to raise the cost of living.

Mr. WHERRY. When title IV was added to the bill, probably after the policy was determined, it resulted in providing everything there is in the way of handling prices. There are ceilings, ceilings, ceilings. Now, it is desired to establish a floor. On that basis, I think the amendment is germane.

Mr. ANDERSON. I call attention to the fact that the bill starts with proposals "to protect consumers, wage earners, persons with relatively fixed and limited incomes." Is this amendment designed to protect them. No; it is designed to take as much away from them as possible, and it is a complete reversal of what the bill is supposed to do.

Mr. HOLLAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Florida?

Mr. ANDERSON. I am happy to yield to the Senator from Florida.

Mr. HOLLAND. I wonder whether the Senator from New Mexico has given consideration to what this general language would accomplish with reference to doing away with limitations on the acreage of such crops as cotton and peanuts, which are a very definite part of the price-support program, but which under this title might or might not remain such, under the sole judgment of one man?

Mr. ANDERSON. I do not know what would be the effect of it from that standpoint, I may say to the Senator from Florida. I simply say the amendment is contrary to everything that is in the bill. The bill says it is designed to protect wage earners, to conserve the savings of persons with limited means, and a Senator proposes an amendment which does just the reverse, for it says that the farmers of the country—and I certainly have fought to obtain for them decent prices—shall have 90 percent on nonbasics. I call attention to the fact that under the amendment the Secretary "may support any nonbasic farm commodity at not less than 90 percent of parity, if he deems it necessary for defense purposes, providing such support does not result in the production of excessive supplies of said commodity."

Mr. MAYBANK. Mr. President, how much time have I left?

The VICE PRESIDENT. The Senator's time has expired. The Senator from South Carolina may have 5 minutes on the point of order.

Mr. MAYBANK. Mr. President, I do not want 5 minutes on the point of order. I merely want to make a brief statement on behalf of the committee.

Mr. CAPEHART. Mr. President, will the Senator yield so that I may read a telegram which I received from the president of the Indiana Farm Bureau?

The VICE PRESIDENT. All this argument now is on the point of order.

Mr. MAYBANK. Mr. President, I do not desire to discuss the point of order, but I do want to say, in discussing this amendment, that it is within the province of the Committee on Agriculture and Forestry, which has spent many months during the past 3 years on this subject matter. It is not an amendment which should be adopted without most careful consideration. Its purpose is to keep prices up, and that is contrary to title IV, in my judgment.

I now yield to the Senator from Indiana.

Mr. CAPEHART. Mr. President, I desire to read a telegram that I just received from the president of the Indana Farm Bureau, Inc., and it might be well if each Senator would pay close attention to it. It reads:

INDIANAPOLIS, IND., *August 21, 1950.*
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

Attempt will be made today to attach to defense production bill an amendment providing 90-percent rigid mandatory price supports on basic commodities. This amendment sponsored by Senator YOUNG and similar to Young-Russell amendment defeated by narrow margin year ago. 1949 Agricultural Act provides wide discretion for Secretary to set support levels up to 90 percent any time and above that in national emergency. No need of or justification for considering this matter at this time. Senate approval this amendment would label farmers as selfish interest seeking special privilege in war bill and would dramatically reduce our ability to work effectively on major issues involved this bill. In view letter Brannan sent Senator THOMAS on July 28 endorsing permanent 90-percent supports, confident Brannan will support this effort to destroy flexible support authority in 1949 act. Urge you use your influence in defeating this amendment.

HASSIL E. SCHENCK,
President, Indiana Farm Bureau, Inc.

Mr. YOUNG. Mr. President, will the Senator yield?

The VICE PRESIDENT. The Senator does not have any time to yield.

Mr. YOUNG. I ask unanimous consent that I may have one-half minute to answer the Senator.

The VICE PRESIDENT. The argument that is now being engaged in is supposed to be on the point of order, and to have nothing to do with the merits of the amendment.

Mr. YOUNG. Mr. President, may I discuss the point of order?

The VICE PRESIDENT. In the case of an appropriation bill, under the rule, whenever a point of order is made against an amendment on the ground of germaneness, the Chair is required to submit to the Senate the question of the germaneness of the amendment. Whenever an amendment is offered, under the cloture procedure, the Chair passes on the germaneness of the amendment, which, of course, is subject to appeal. The Chair cannot split the difference.

Mr. RUSSELL. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. RUSSELL. Under the order which obtains and under which the Senate is now acting, is not the Senator from North Dakota entitled to time in which to debate the point of order that has been raised by the Senator from New Mexico? It would seem to me that under the point of order he would have 5 minutes.

The VICE PRESIDENT. Under the agreement, it is provided that the proponent of the amendment or motion shall have 5 minutes, and the chairman of the committee, the Senator from South Carolina, would have 5 minutes. As the Chair interpreted the point of order made by the Senator from New Mexico, it entitled him to 5 minutes on his point of order. The agreement is rather rigid that the other 5 minutes is to be taken by the chairman of the committee.

Mr. RUSSELL. That does not give the proposer of the amendment much chance.

The VICE PRESIDENT. He had 5 minutes on the merits of the amendment.

Mr. MAYBANK. Mr. President, how much time do I have remaining?

The VICE PRESIDENT. One minute.

Mr. MAYBANK. I yield that 1 minute to the Senator from North Dakota.

Mr. YOUNG. I thank the distinguished Senator from South Carolina for this extra minute. Mr. President, I wanted to point out that the original Steagell amendment was an amendment to the Stabilization Act during the past war, which ought to make this amendment germane to this Price-Control and Stabilization Act. The telegrams received here by so many Senators, sponsored by the Farm Bureau, refer to the original amendment I proposed and had printed. That is not the amendment I now offer. The original amendment would go further in making 90-percent supports more rigid and mandatory. The only reason I am not offering it now is that it would stand less chance of passage than my present amendment, which retains some flexibility. There is nothing in the bill, as I see it, to increase the prices of commodities to the poor people of the Nation, as indicated by the Senator from New Mexico [Mr. ANDERSON]. It merely provides that present levels of support be continued.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. McFARLAND. Mr. President, I ask unanimous consent that the Senator from North Dakota may have four additional minutes.

The VICE PRESIDENT. Does the Senator want that time? The Chair is prepared to rule.

This is obviously not an appropriation bill. Therefore, a provision that a point of order on the question of germaneness shall be submitted to the Senate, does not apply. It is not a procedure under cloture where the Chair passes on the germaneness of an amendment. Therefore, under the practice which has been more or less generally followed, the question of the germaneness of the amendment is submitted to the Senate. The Chair is willing to pass on the point of order if the Senate wishes. An appeal may be taken in either case.

The Chair is of the opinion that the amendment is in order. On page 42 of the bill it is provided that no ceiling shall be established on any agricultural commodity except in two cases. In the first instance, it shall not be below parity, and in the second instance, it shall not be below the average price on June 15, 1950. It seems to the Chair that the amendment offered by the Senator from North Dakota is germane to those provisions. That is the theme running through the whole chapter on agricultural products. The Chair, therefore, overrules the point of order.

The question is on agreeing to the amendment offered by the Senator from North Dakota.

Mr. LANGER and other Senators requested the yeas and nays.

The yeas and nays were not ordered.

The VICE PRESIDENT. [Putting the question.] The "noes" seem to have it.

Mr. YOUNG. Mr. President, I ask for a division.

On a division the amendment was rejected.

Mr. MAYBANK. Mr. President, I yield to the Senator from Oklahoma.

Mr. KERR. Mr. President, I offer the amendment which I send to the desk and ask to have stated. It is offered on behalf of the Senator from Texas [Mr. CONNALLY] and myself.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 35, line 18, after "2 for", it is proposed to insert "the encouragement of."

Mr. MAYBANK. Mr. President——

The VICE PRESIDENT. The Senator from Oklahoma is entitled to the floor.

Mr. KERR. Mr. President, I yield to the Senator from South Carolina.

Mr. MAYBANK. Mr. President, this amendment merely asks for encouragement. I do not know whether the Senator has discussed it with the minority leader or the majority leader, but I see no objection to the word "encouragement" being inserted.

The VICE PRESIDENT. Does the Senator from Oklahoma want to consume his time, in view of that statement?

Mr. BRICKER. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. BRICKER. It is a question of oil, is it not?

Mr. KERR. No; it has to do with minerals. The amendment is to insert after the word "for" the words "the encouragement of."

Mr. BRICKER. Is it for the encouragement of resale?

Mr. KERR. No; it is for the encouragement of exploration of strategic minerals and metals.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. KERR].

The amendment was agreed to.

Mr. BRICKER. Mr. President, I call up my amendment "I" and ask that it be stated.

The VICE PRESIDENT. The clerk will state the amendment offered by the Senator from Ohio.

The LEGISLATIVE CLERK. On page 43, it is proposed to insert the following new sentence at the end of line 21:

In no event, however, shall the President select a base period for the stabilization of the component wage, salary, or other compensation of any material, service, or property different from that selected for the ceiling price of that material, service, or property.

Mr. BRICKER. Mr. President, this amendment would require that in the stabilization of wages the President may accept or use as a base period for such stabilization program substantially the same base period that he uses in fixing prices. The same base period that would be used in the control of wages is selected for price control in a general wage-control and price-control program. This would eliminate the possibility that the President could choose 1950 prices and 1951 wages for a base period for any given commodity. Where prices have risen and wages have not increased, the President could, under this authority, roll back prices to the period in which he fixed the basic wage formula of stabilization, or of freezing, whichever it might be, of the wages for that period.

Some Senators have mentioned the fact that if we stabilize prices, we should stabilize wages as of the same general period; that we should not go into a period of wage increases now without commensurate price increases to meet the wage increases; that we should not permit price increases without responsibility for increasing wages to meet them. If the period is fixed prior to the Korean episode, I think prices and wages ought to be stabilized and fixed as of the same general period.

Mr. MAYBANK. Mr. President, speaking for myself, and, I trust, for some of the Members on this side of the aisle, and, I hope, for all members of the committee, the amendment of the Senator from Ohio would require the President to use the same base period in controlling wages in any industry that he uses in controlling prices in that industry. The only provision in the bill for the use of a base period is the provision contained in section 402 (d) requiring the President to give consideration to comparable prices and wages in the period May 24, 1950, to June 24, 1950, inclusive. This provision is applicable to wages as well as prices. There is some doubt, therefore, as to the effect of this amendment. If it is intended to require that the President fix wages and prices at exactly the same levels as they were during some base period, we believe it is too inflexible and is inconsistent with the provisions of the bill which require him to take many other factors into consideration in fixing wage and price controls. Furthermore, wages are usually changed at infrequent intervals and reflect market conditions of an earlier period, so that an inflexible rule requiring the use of a base period might well produce many inequities.

I should like to say in connection with the amendment of the Senator from Ohio that the committee considered at great length the question of the relationship between prices and wages, includin the question of the wages of the General Motors Co. and of other corporations which agreed to raise wages several times. If we were to roll back wages which had been raised, interfering with contracts which had been agreed to, we would be in a difficult situation. While I should like to see wages and prices frozen, and frozen at the same date, I do not see how we can very well do it. I say that because, as the Senator knows, we had quite a discussion in the committee, particularly with reference to large contracts in the Detroit area and other areas, and with reference to situations in different industries, where wages might be high in relation to prices or prices might be high in relation to wages freezing prices and wages as of the same date would give a producer an unfairly small margin in the first case, an unfairly large margin in the second case.

Mr. BRICKER. But there is no fixed formula by which we can assure absolutely equitable treatment both of wages and prices at the same time. There is no date that can be taken which would assure absolute fairness to all.

Mr. MAYBANK. I do not see how it can be done, because inequities must be considered and other elements must be considered, including contracts. Requiring freezing of wages and prices at the same period would increase these inequities.

Mr. BRICKER. The amendment would require the same general base period. It would not require a roll-back of any wages fixed by contract, and it would not require the roll-back of any prices, but if there was a fixing of prices on a general base period, the same base period would have to be used for the fixing of wages.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MAYBANK. I should like to refer the Senator to page 42 of the bill. He will agree with me, I think, that under the subsection beginning at line 9, if the President roll wages back he must take that fact into consideration.

Mr. BRICKER. But the President is not required to roll them back.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. DOUGLAS. Is it not correct to say that if the amendment proposed by the Senator from Ohio were adopted, and the President should roll prices back to July 15, he would be compelled to freeze wages at the July 15 level? On the other hand, it is true that prices would have increased up to July 15, whereas wages would not have increased, and the result would be to give windfalls to the employers and hold labor back to the conditions which prevailed before hostilities began.

Mr. MAYBANK. Yes; and not only that, but certain contracts would have been entered into. The Senator from Illinois has studied the subject very thoroughly, and he knows that certain contracts in the big industrial areas provide for certain automatic wage increases.

Mr. DOUGLAS. That is correct.

Mr. BRICKER. There is nothing in the bill which would require the President to fix the date of July 15. He must take into consideration prices which prevailed prior to the Korean episode, when prices started to increase.

Mr. DOUGLAS. He is not compelled to take that date; but suppose he should take July 15. That would give the benefit of the price increases to the employers. Therefore the result of the adoption of the amendment would be a decrease in the real wages.

Mr. BRICKER. It might also work the other way.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. BRICKER]. [Putting the question.]

Mr. BRICKER and other Senators requested a division.

On a division, the amendment was rejected.

Mr. HILL. Mr. President, I call up an amendment and ask for the clerk to read it.

The VICE PRESIDENT. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 46, line 7, it is proposed to strike out the period and insert the following proviso: "*Provided*, That no common carrier or other public utility shall, at any time after the President shall have issued any stabilization regulations and orders under subsections (b) and (c), make any general increase in its rates or charges prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, unless it first gives 30 days' notice to the President, or such agency as he may designate, and consents to the timely intervention by such agency before the Federal, State, or municipal authority having jurisdiction to consider such increase."

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. MAYBANK. I ask unanimous consent that I may ask the distinguished majority leader and the distinguished minority leader some questions with reference to the unfinished business, the time not to be taken from the time allotted to the Senator from Alabama.

The VICE PRESIDENT. Is there objection to the request of the Senator from South Carolina?

Mr. HILL. Reserving the right to object, the Senator means that the time would not come out of my 5 minutes.

Mr. MAYBANK. That is correct.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MAYBANK. I should like to make a statement. Several Senators have come to me and asked how long the Senate will remain in session. Everyone is familiar with the fact that at 1:30 tomorrow we begin voting on the road

bill. The minority leader and the majority leader determined this morning that today we would finish consideration of all amendments to the pending bill and the itself. That was the understanding. I merely wanted to know, for the benefit of other Senators what we are to do now. There are approximately 35 more amendments to be considered, at at least they are pending. I do not know whether the Senate wishes to take a recess until 7 o'clock and then return and finish the consideration of the bill and amendments. I do not believe that the remaining 35 amendments will take so long to consider as the amendments which we have disposed of. However, there are 35 amendments still pending. I should like to ask the majority leader and the minority leader what their wishes are so that we may accommodate the other Senators. I ask the question because of the position into which the distinguished majority leader and minority leader have put me because I am in charge of the bill and I have been asked these questions.

Mr. LUCAS. Mr. President, insofar as the majority leader is concerned, I think we should go ahead and see if we cannot finish consideration of all the amendments. I presume that we shall not take 10 minutes on each amendment. Some of them undoubtedly we can finish in a hurry. We should be able to finish all the amendment within a few hours. If we take an hour out for dinner now I am afraid we shall be here until about midnight, because the minute we get some fuel into us the inclination is to talk more and more. I do not want to cut off anyone in debate, but I do believe that if we sit for a few hours we can finish with all amendments and the bill. At least we must finish at some time tonight.

Mr. MAYBANK. There are 35 amendments still pending.

Mr. WHERRY. I am quite sure that not all the amendments will be offered. Although we could recess for an hour or so, I believe that if we sat through we would save some time in the end, and we would facilitate consideration of the unfinished business. I hope we can go right on and vote on all amendments. I am sure that all 35 of them will not be offered.

Mr. HILL. Mr. President, as to the pending amendment, let me say that the bill very properly exempts from any control by the President or any Federal agency whatever the fixing of rates by any utility commission on any carrier or any public utility of any kind. The amendment would provide that before there could be a general increase in utility rates, notice would have to be given to the President or such agency as he designated, if and when he does provide for the controls which the bill empowers him to provide, and that the President or such agency should have the right to appear before the particular regulatory body and present whatever facts the agency may see fit to present, if it desired to do so. In other words, it simply gives to the agency of the Federal Government the opportunity to show what a proposed general increase in rates might amount to, or what the impact of it might be.

The amendment is exactly similar to a provision in the stabilization act of 1942. The act carried a provision which the amendment now provides for. Experience showed that the provision in the Stabilization Act of 1942 was invaluable, particularly to REA co-ops in making sure there was no general increase in their rates without an opportunity being given for the agency to come forward and state the facts.

I offer the amendment on behalf of myself and the Senator from Minnesota [Mr. HUMPHREY]. It would give to REA co-ops the same protection which they enjoyed under the Stabilization Act of 1942. We wish to have them receive the maximum amount of power they need in order that they may carry on their agricultural production. We know how great and how fine that production was during the last war. All we ask is the same protection for them during this emergency that they had during the last war.

Mr. President, if I may have the attention of the distinguished chairman of the committee, the Senator from South Carolina, I hope very much he will agree to take this amendment to conference.

Mr. MAYBANK. Mr. President, I know of the experience during the last war, and I have no objection to the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. HILL.]

The amendment was agreed to.

Mr. CAPEHART. Mr. President, I send an amendment to the desk and ask to have it stated.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 38, after line 9, strike out all of title IV.

The VICE PRESIDENT. The Senator from Indiana is recognized for 5 minutes.

Mr. CAPEHART. Mr. President, if we adopt this amendment we can possibly go home a couple of hours earlier.

Title IV, which I suggest be stricken out, is the title which has to do with rationing, wage control and price control, something which the President of the United States did not ask for, something which the Committee on Banking and Currency did not hold any public hearings on, and in my opinion as a member of the committee, it gave very little attention to what we are trying to do on the floor of the United States Senate with title IV, namely, to write an OPA measure. I am in favor of the Congress writing a standby price and wage control and rationing bill, to go into effect when this Nation goes to war. But we ought to spend days and days listening in public hearings to the testimony. We ought to call in all those who had experience in World War II and we ought to write a comprehensive bill. We ought to give much thought and study to it.

The bill about ready to be passed tonight is a monstrosity. There is no one who can administer the bill with the amendments which have been offered and adopted on the floor of the Senate. I strongly urge that title IV be eliminated, that we pass the remainder of the bill, and that then Congress prepare a standby price and wage control and rationing bill, and give it the consideration it should have.

The President has not asked for this particular type of legislation. That which he has requested is in the other three titles of the bill. I believe the other three titles, generally speaking, constitute excellent legislation. There is much in those three titles which the President needs at the moment in order to prosecute the Korean war. I believe we need a law on the books to give the President stand-by controls if and when the Nation goes to war. The President says we are not at war, he says the presently difficulty is a police action. He refuses to declare a national emergency. He says he does not need title IV and that he does not want it. If he does not need it and does not want it, he certainly will not use it, and if he is not going to use it, why should we pass a piece of legislation which is most unsatisfactory? It cannot possibly be satisfactory as it has been handled.

I repeat, the committee listened to no witnesses, no one was called before the committee who had any experience whatsoever in World War II in respect to this matter. The bill is a hodgepodge. In my opinion it will be impossible of administration, and it seems to me the President will be forced to veto the bill, with the hodgepodge contained in title IV.

Mr. President, I urge the Senate to strike out title IV and that a new bill covering the subject be introduced, and that the Senate Committee on Banking and Currency be given all the time necessary to consider it.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Vermont.

Mr. AIKEN. The Senator from Indiana is aware of the fact, I am sure, that that we have all been deluged by telegrams, letters and telephone calls from farm people all over the country expressing fear lest price controls be put into effect on farm commodities, and that wage and salary and other controls be left out, and urging that the bill be amended in such a way that if controls are put into effect on farm commodities, they will be put into effect on everybody, so that the farmers will not run the risk of having only farm commodities and possibly certain other selected commodities controlled. Does the Senator from Indiana know whether there is any provision in the bill now that if controls are put into effect on, let us say, farm commodities, they must be put into effect on all other categories?

Mr. CAPEHART. The nearest the bill comes to that is in title IV, where it is provided that if controls are put on generally, then wages and prices must be controlled, but it is not specific, and I doubt if any two men would give the same interpretation to the language.

Mr. WHERRY. Mr. President, an amendment will be offered to cover the point the distinguished Senator from Vermont has mentioned. There is nothing in the bill that accomplishes what the Senator suggests.

Mr. CAPEHART. The Senator is raising the point I am trying to make, namely, that title IV should be stricken from the bill, and that title IV should be a completely new bill, controlling prices and wages and rationing if and when an emergency arises.

Mr. BRICKER. Mr. President, I offer my amend H before the vote is taken on the motion to strike out title IV. It has to be called up at this time.

Mr. CAPEHART. A parliamentary inquiry. Does that completely take me off my feet?

The PRESIDING OFFICER (Mr. CHAPMAN in the chair). The amendment of the Senator from Ohio takes precedence of the amendment of the Senator from Indiana. The amendment of the Senator from Ohio will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out all of subsection (b) of section 402 beginning on line 5 on page 40, through line 8 on page 41. To amend lines 9, 10, and 11 on page 41 so as to read as follows: "(b) Where the objectives of this title cannot be attained by action under subsection (a), the President may issue regulations and orders"; on line 4 on page 42, to insert the word "not" after the word "may" and strike the word "either"; on line 6 on page 42, to strike the word "or", and insert in lieu thereof: "but may be taken only"; on lines 7 and 8 on page 42, to strike the language: "and in either event may include retail sales for household or personal use" and insert in lieu thereof: "subject to the exceptions provided hereafter in subsection (e) of this section or provided by the President under the authority contained in subsection (f) of this section"; on lines 12 and 13 of page 42, to strike the language: "comprising a substantial part of all sales at retail and materially affecting the cost of living" and insert in lieu thereof the word "generally"; on line 14 of page 42, to change "(d)" to "(c)". On line 22 of page 43, to change "(e)" to "(d)". On line 17 of page 45, to change "(f)" to "(e)". On line 8 of page 46, to change "(g)" to "(f)". On line 17 of page 46, to insert a period after "(b)" and to strike the word "or"; and to strike all of line 18 on page 46.

Mr. BRICKER. Mr. President, this amendment eliminates from the bill selective controls. We debated this back and forth in the committee time and time again. First it was in, and then it was out.

In the judgment of the Senator from Ohio selective controls simply cannot operate. The whole productive system and price system of our economy throughout the country is so intricate, so involved, and so interconnected that immediately price control is put on one commodity or one segment of the economy immediately it is necessary to put it on some other. So it is impracticable and impossible, in the judgment of the Senator from Ohio, to administer selective price controls.

If we do have selective price controls, then the question further arises whether we are going to have selective wage controls with respect to the same commodities. The President has full power to select prices and wages that are necessary to be controlled, or which, if controlled, might hinder the war effort. So we are not curbing the authority of the President in any way, but we are requiring in this amendment that when wage and price controls are applied under the section as amended, they must be applied generally and not selectively, and they must be applied concurrently to prices and to wages at the same time.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. BRICKER. I yield.

Mr. FLANDERS. I should like to say that I am going to vote for the amendment, and by so doing I have completely changed my position from the time I voted to report the bill favorably from the Committee on Banking and Currency. I have become more and more impressed with the fact that in dealing with price controls and wage controls on a selective basis we are succumbing to a creeping control which would give us a false sense of security, because we are dealing with symptoms only and by treating these symptoms we are very liable to find ourselves enmeshed in a credit expansion which finally will burst through all these controls of symptoms.

We need much heavier taxation than at present is in prospect. We need excess profits taxation well considered and well worked out. We need to make sure that we deny to the Treasury access to bank credit. There are a number of other things which we should do which we will not do if for a period this creeping control seems to be successful. We always have the reserve under the proposed amendment of the over-all control if the real emergency should arise.

Mr. WHERRY. Mr. President, will the Senator yield for a modification?

Mr. BRICKER. I yield.

Mr. WHERRY. On page 41, subparagraph (2) reads as follows:

> (2) stabilizing wages, salaries, and other compensation paid to or received by any person for any type of employment; and regulations prohibiting increases in wages, salaries, and other compensation, except when deemed necessary by the President to prevent gross inequity or to effectuate the purposes of this act, shall be issued whenever—

Will the Senator accept after the word "whenever" the words "ceilings are imposed under paragraph (1) of this subsection" and add a period there and strike the remainder of the language in that paragraph, page 41, down to and including the first three lines on page 42? The reason I ask the question is that it seems to me it is going to be very difficult to explain what is meant by stabilizing wages.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAYBANK. As I understand, the Senator from Indiana [Mr. CAPEHART] has proposed that title IV be stricken out. As I understand, the Senator from Ohio [Mr. BRICKER] has amended the proposal made by the Senator from Indiana.

Mr. WHERRY. No.

Mr. BRICKER. My amendment is to be considered and voted upon prior to the motion to strike.

Mr. MAYBANK. And then, as I understand, the Senator from Nebraska [Mr. WHERRY] will offer an amendment to the amendment of the Senator from Ohio.

Mr. BRICKER. He is proposing to modify my amendment.

Mr. MAYBANK. Therefore there would be available to Senators desiring to speak in opposition to the various proposals, 5 minutes on the motion of the Senator from Indiana [Mr. CAPEHART] to eliminate title IV, 5 minutes on the amendment of the Senator from Ohio [Mr. BRICKER], on his amendment which is to be acted upon before action is taken on the motion of the Senator from Indiana, and 5 minutes on the proposed modification of the Senator from Nebraska. Several Senators on this side desire to speak.

Mr. WHERRY. I think the Senator from South Carolina is incorrect. The Capehart amendment does not come into the picture at this time. The amendment under consideration is the one offered by the Senator from Ohio. The Senator from Nebraska has asked the Senator from Ohio if he will accept a modification of his amendment. So there will be no amendment offered by the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Indiana [Mr. CAPEHART] has consumed his 5 minutes on his amendment.

Mr. MAYBANK. Then we have 5 minutes on the so-called Capehart amendment.

The PRESIDING OFFICER. The Senator from South Carolina has 5 minutes on that amendment. The Senator from Ohio has the floor on his amendment, and the Senator from South Carolina is entitled to 5 minutes in answer to that. The Senator from Nebraska has merely suggested a modification of the amendment of the Senator from Ohio.

Mr. BRICKER. I accept the proposed modification. I modify my amendment to conform with the request of the Senator from Nebraska.

Mr. WHERRY. Since the Senator from Ohio has accepted the modification, the Senator from Nebraska will not offer his amendment lettered "C" which he submitted some days ago. I should like Members of the Senate to know that the amendment of the Senator from Ohio, as modified, would accomplish exactly what the Wherry amendment lettered "C" would accomplish.

The PRESIDING OFFICER. The time of the Senator from Ohio [Mr. BRICKER] has expired.

Mr. WHERRY. Mr. President, I send to the desk an amendment as a substitute.

Mr. MAYBANK. Mr. President, that would give us 15 minutes in all in reply.

Mr. WHERRY. No; it is an amendment in the second degree, which I am entitled to propose.

Mr. MAYBANK. No, Mr. President. I want to be certain that Senators on this side shall have full opportunity to be heard.

The PRESIDING OFFICER. The Chair understands that the Senator from Ohio accepted the suggestion by the Senator from Nebraska to modify his amendment.

Mr. WHERRY. I wanted to have a chance to say a word about that modification. I was about to offer a substitute, but I will not do so. I will not impose upon the Senate to that extent.

The PRESIDING OFFICER. The amendment of the Senator from Nebraska has already in effect been accepted by the Senator from Ohio in modifying his amendment.

Mr. WHERRY. Does the Senator from Nebraska have any time left?

The PRESIDING OFFICER. He has no time left. The Senator from South Carolina is recognized for 10 minutes.

Mr. SALTONSTALL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SALTONSTALL. What is the amendment, as modified? May we have it read?

Mr. MAYBANK. Mr. President, none of this comes out of my time, does it?

The PRESIDING OFFICER. No. Request has been made that the amendment of the Senator from Ohio, as modified, be stated. That will not come out of the time of the Senator from South Carolina. The amendment will be stated.

The LEGISLATIVE CLERK. To the amendment offered by him, Mr. BRICKER has accepted the following modification:

On page 41, line 23, strike the language commencing with the word "an" down to and including line 3 on page 42, and insert in lieu thereof the words "ceilings are imposed under paragraph (1) of this subsection."

The PRESIDING OFFICER. The Senator from South Carolina is recognized for 10 minutes.

Mr. MAYBANK. I shall make only a brief comment.

Mr. TAFT. Mr. President, a point of order. Why is the Senator from South Carolina recognized for 10 minutes?

The PRESIDING OFFICER. Because the Senator has 5 minutes remaining to speak in opposition to the amendment of the Senator from Indiana [Mr. CAPEHART] and 5 minutes in opposition to the amendment of the Senator from Ohio [Mr. BRICKER].

Mr. MAYBANK. Mr. President, I should like to ask the Senator from Nebraska what his amendment does? Does it eliminate any possibility of ceilings?

Mr. WHERRY. Mr. President, I appreciate the question. It gives me an opportunity to explain the amendment. On page 41, line 23, after the word "whenever" I have proposed to insert the words "ceilings are imposed under paragraph (1) of this subsection." Paragraph (1) is immediately above paragraph (2), the language of which we are now considering. Then I propose to strike out the remainder of the language in paragraph (2) beginning with the words "an increase" on line 23, down to and including line 3 on page 42. That makes the requirement in subsection (b) that if ceilings are established under paragraph (1), stabilization of wages is also established under subsection (2), and it is done automatically at the same time.

Mr. MAYBANK. What effect would that have on the paragraph beginning in line 9, on page 42? Would that be stricken?

Mr. WHERRY. The first three lines on page 42 would be stricken. That is the remainder of the paragraph.

Mr. MAYBANK. No, I am speaking about the paragraph beginning in line 9 on page 42. What effect would the Senator's language have upon that?

Mr. WHERRY. It would have the very effect the distinguished Senator from Ohio just mentioned; that wages would automatically be stabilized under paragraph (2) when price ceilings are imposed under paragraph (1).

Mr. MAYBANK. That strikes out selective control?

Mr. WHERRY. I would say that that is exactly what it does. Voluntary controls are still provided under section 402 (a) but it provides controls clear across the board with respect to wages and prices when mandatory controls are applied.

Mr. MAYBANK. Mr. President, I now yield 5 minutes to the Senator from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. Mr. President, as I understand the two amendments, their effect, considered together, would be, when stated in simple terms, to do away with selective controls.

Mr. WHERRY. That is correct; let us be frank about it.

Mr. SPARKMAN. Mr. President, the committee discussed this matter rather at length, and decided that it was feasible to insert provision for selective controls. The committee recognizes the fact that there were a few items which have had run-away price increases since the beginning of the Korean war, and that instead of imposing price controls all the way across the board, it might very well be possible for the President to select particular items, for the time being, and control their prices.

Of course, there has always been some controversy over the question of whether selective price controls would work. In the days of the old OPA, similar questions arose. Some persons argued in favor of selective price controls, and others argued that they would not be workable.

The Joint Committee on the Economic Report, in the Eightieth Congress, under the chairmanship of the senior Senator from Ohio [Mr. TAFT], went into this question, and submitted a report recommending selective controls, and said it was believed that a system to selective controls would work, and the committee recommended them. I refer to the report of the Joint Committee on the Economic Report, of May 18, 1948, pages 6 and 7, at the time when the committee was under the chairmanship of the distinguished senior Senator from Ohio [Mr. TAFT], and the able Senator from Vermont was also a very able and conscientious member of the committee.

Mr. President, that is just what we are recommending now; we are following the lead of the Joint Committee on the Economic Report, under the chairmanship, at that time, of the distinguished senior Senator from Ohio, when that committee recommended a system of selective controls, back in the Eightieth Congress. We have simply reached in and taken a page out of their book, and have decided that now, when are faced with increasing prices—although they are still not as high as they were in the 1940's.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. TAFT. The Joint Committee on the Economic Report recommended no such thing. It said that if Congress were asked to provide authority to control a particular item, Congress might provide such authority, but that Congress should provide no powers whatsoever beyond that.

There are, perhaps, a few items which could be controlled selectively.

The Joint Committee on the Economic Report never recommended the provision of any general discretionary power on the part of the President to control the economy or to fix prices or wages. However, if the President wanted to deal with a particular commodity and wanted to ask Congress for authority to do so, the Joint Committee on the Economic Report recommended that Congress consider granting such authority.

Mr. SPARKMAN. Mr. President, I have only a short time available to me.

Of course the Senator from Ohio is correct in his statement, and it is in accordance with what I said before his return to the chamber.

The President did recommend selective controls; and the Joint Committee on the Economic Report, under the chairmanship of the able Senator from Ohio, said that could be done, but said it did not believe such controls could be extended over a wide field without going into general controls.

Selective controls are what we are recommending now.

During the time this bill has been under consideration, I think we have seen it have a helpful effect by reason of the suggestion that we were about to provide for selective controls. We saw prices run away in the case of a few items—for instance, prices on certain grades and classes of lumber and on certain cuts of meat, and on hides, rubber, tin, and a few other articles; but there has not been a stiff increase all the way across the board.

Mr. Ewan Clague, Director of the Bureau of Labor Statistics, testified before the committee that the cost-of-living index has risen very little, but that in a certain number of outstanding items there has been a very sharp increase in price.

That is why we voted in favor of giving the President the power to impose selective controls.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield, but only briefly, because my time is so limited.

Mr. SALTONSTALL. Will the Senator explain how it is fair to a steel worker in Pittsburgh, for instance, to have his wages controlled, if the wages of an aluminum worker in the same city are not controlled?

Mr. SPARKMAN. The Senator has asked a question which I cannot answer in a short time but I am sure the Senator from Massachusetts can see that there could be occasions when it would not be necessary to control the wages of labor in one particular field, but would be necessary to control the wages of labor in another field, or that there could be cases where prices in one field would not need to be controlled, but where prices in another field would need to be controlled.

However, the question is whether there are to be selective controls of any kind, both price controls and wage controls. We are simply following the lead of the Joint Committee on the Economic Report, in its report to the Eightieth Congress, in which it said that selective controls could be effectively imposed. After all, we do not have to have a total control of all prices and wages just because we want to control the price of meat or rubber. What we want to be able to do is to prevent high prices for a few items and prevent them from spilling over into the rest of the economy and kindling the fires of an all-out inflation.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. WHERRY. Mr. President, has all time expired?

The PRESIDING OFFICER. No; the Senator from South Carolina has 5 minutes.

Mr. SPARKMAN. Mr. President, the Senator from South Carolina said that he would yield that time to the Senator from Illinois.

The PRESIDING OFFICER. Very well.

Mr. DOUGLAS. Mr. President——

The PRESIDING OFFICER. The Senator from Illinois is recognized for 5 minutes.

Mr. DOUGLAS. Mr. President, the salient passage is on page 40.

Mr. WHERRY. Mr. President, will the Senator yield, to permit me to propound a parliamentary inquiry?

Mr. DOUGLAS. Provided the time required for that purpose is not taken from my time.

Mr. WHERRY. Of course I suppose it must be taken from someone's time.

Mr. DOUGLAS. I do not yield, if the time required for that purpose is to be taken from my time.

Mr. President, the proposal is that the President of the United States exercise controls only in cases where there has been an excessive and an inflationary rise in the price of materials. In other words, the selective controls are proposed to be limited to cases where there have been run-away prices.

If we consider the 28 commodities which are traded on the commodity exchanges, we find that the records for those commodities show an average price increase of 16 percent in the first month following the invasion of Korea. In the case of the 980 commodities, the increase was only 6 percent; and the increase in the cost of living was only from 2 to 3 percent.

In other words, the increase in prices had been confined to a small number of commodities. We find that of the 28 commodities traded on the commodity exchanges, a large increase in prices occurred in the case of rubber, tin, cocoa, coffee, sugar, zinc, meat, and lumber.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I do not have the time to yield.

Mr. President, if we consider the situation in the case of the commodities I have just mentioned, we find that two-thirds of them were imported commodities, which really involve no domestic problem whatsoever.

It seems to me that particularly in the case of the imported commodities which are purchased by us from countries where cartels control the price, it might be possible for the President of the United States to impose price ceilings, and thus hold down the wholesale price level and the level of the cost of living, and possibly prevent the need for general price controls.

The proposal to give to the President the power to impose selective controls is really a means of reducing the necessity for and the danger of having general price controls.

So I hope very much that the amendment of the Senator from Ohio will be rejected.

Mr. WHERRY. Mr. President, is any time left?

Mr. MAYBANK. Mr. President, has all my time been used?

The VICE PRESIDENT. The Senator from South Carolina has 2½ minutes remaining.

Mr. WHERRY. Mr. President, will the Senator yield to me very briefly?

Mr. MAYBANK. Mr. President, it seems that the sentiment of the Senate is to vote on this question, judging from the expressions I have heard. However, I yield now to the Senator from Nebraska.

Mr. WHERRY. I thank the Senator from South Carolina; I appreciate very much his courtesy.

Mr. MAYBANK. I must inform the Senator that I am going to vote against the amendment.

Mr. WHERRY. That is perfectly all right.

Mr. President, I wish to say to the Senate that on the basis of years of experience with OPA as applied to meat and after long experience with the so-called selective control system, we found that there cannot be an effective Price Control Act unless we control the prices of all products and unless we control wages.

If Senators really wish to do a thorough job and really wish to give standby powers to the President, so as to permit him to control prices and prevent inflation, that is the only way to do it.

For instance, consider meat. We controlled the price of meat at the consumer level, but we did not control it at the producer level. For a long time we did not control the price of corn. If the price of meat is controlled, it is necessary to control the price of corn. If the price of corn is controlled, it is necesasry to control the price of wheat. If the price of wheat is controlled, it is necessary to control the prices of all the cereal grains. If the price of meat is controlled, it is necesasry to control the price of poultry. It is merely silly to stand on the Senate floor and think that anyone can do the job of controlling prices in this country, particularly the prices of food and wages in industry, unless we go clear across the board. That is the only way to have an effective price control act. That is the way it should be, if we want to have the job done.

The same thing can be done with every other commodity mentioned by the distinguished Senator from Illinois. Steel can be included, and if it is, then it will become necessary to include all subsidiaries of the big steel companies, all the way through, otherwise gray markets will spring up which cannot be policed. It would be impossible to employ enough people to police them. It is necessary to go one way or the other. I should like to see this done voluntarily, but if it cannot be done that way, the President then says that in order to protect the national security and to get production and keep inflation down, he wants controls. When that happens, we should be sure that price ceilings and wage controls are applied simultaneously. I want to thank the distinguished Senator for the 2½ minutes.

Mr. MAYBANK. I am always happy to yield to my friend from Nebraska. But, unfortunately, the Senator points to the dark side of the picture. I should like to think we will not be required to use these controls at all. The committee was hopeful that in providing for selective controls it would be unnecessary to go into all-out controls, which, as the Senator from Nebraska says, may become necessary. We are hopeful that that will be unnecessary.

Mr. WHERRY. That is also my hope.

Mr. MAYBANK. I agree thoroughly with what the Senator from Alabama and the Senator from Illinois have said. Some of their remarks I did not hear.

The PRESIDING OFFICER. The Senator's time has expired. All time has expired. The question is on agreeing to the amendment of the Senator from Ohio [Mr. BRICKER], as modified.

Mr. WHERRY and other Senators requested the yeas and nays.

The yeas and nays were ordered.

Mr. HUMPHREY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Chavez	Flanders
Anderson	Connally	Frear
Benton	Cordon	Fulbright
Brewster	Darby	George
Bricker	Donnell	Gillette
Bridges	Douglas	Graham
Butler	Dworshak	Green
Byrd	Ecton	Gurney
Capehart	Ellender	Hendrickson
Chapman	Ferguson	Hickenlooper

Hill	Long	Robertson
Hoey	Lucas	Saltonstall
Holland	McCarran	Schoeppel
Humphrey	McCarthy	Smith, Maine
Hunt	McClellan	Smith, N. J.
Ives	McFarland	Sparkman
Jenner	McMahon	Stennis
Johnson, Colo.	Magnuson	Taft
Johnson, Tex.	Malone	Taylor
Johnston, S. C.	Martin	Thomas, Utah
Kefauver	Maybank	Thye
Kem	Millikin	Tobey
Kerr	Morse	Watkins
Kilgore	Mundt	Wherry
Knowland	Murray	Wiley
Langer	Myers	Williams
Leahy	O'Conor	Withers
Lehman	O'Mahoney	Young
Lodge	Pepper	

The PRESIDING OFFICER. A quorum is present. The question is on agreeing to the amendment of the Senator from Ohio, as modified.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from South Carolina will state the inquiry.

Mr. MAYBANK. Am I correct in my understanding that the amendment of the Senator from Nebraska was accepted by the Senator from Ohio as a modification of the amendment offered by him?

Mr. WHERRY. It was accepted by the Senator from Ohio.

Mr. MAYBANK. As I understood, the Senator from Nebraska, in answer to a question of mine, answered that if this amendment were agreed to selective price controls would, of course, be done away with.

Mr. WHERRY. That is correct.

Mr. MAYBANK. So that is the issue. I merely wanted to emphasize the issue.

Mr. WHERRY. Mr. President, since the Senator has raised the question, I should like to have 10 seconds for a reply. The amendment of the Senator from Ohio, as now modified by the amendment of the Senator from Nebraska, does exactly what the Senator has said. Of course, it is still a stand-by power, but if it goes into effect it will go clear across the board.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Ohio [Mr. BRICKER], as modified.

Mr. BRICKER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BRICKER. Am I correct that the vote is on the amendment of the Senator from Ohio, as modified on the suggestion of the Senator from Nebraska, and that the question is not on the amendment of the Senator from Nebraska?

The PRESIDING OFFICER. That is correct. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Arizona [Mr. HAYDEN], and the Senator from West Virginia [Mr. NEELY] are absent on public business.

The Senator from Tennessee [Mr. MCKELLAR] and the Senator from Oklahoma [Mr. THOMAS] are necessarily absent.

The Senator from Georgia [Mr. RUSSELL] is unavoidably detained on official business, and if present would vote "yea."

The Senator from Maryland [Mr. TYDINGS] is unavoidably detained on official business.

I announce that on this vote, the Senator from West Virginia [Mr. NEELY] is paired with the Senator from Washington [Mr. CAIN]. If present and voting, the Senator from West Virginia would vote "nay," and the Senator from Washington would vote "yea."

I announce further that if present and voting, the Senator from California [Mr. DOWNEY] and the Senator from Arizona [Mr. HAYDEN] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Michigan [Mr. VANDENBERG] is absent by leave of the Senate.

The Senator from Washington [Mr. CAIN], who is absent by leave of the Senate, is paired with the Senator from West Virginia [Mr. NEELY]. If present and voting, the Senator from Washington would vote "yea" and the Senator from West Virginia would vote "nay."

The result was announced—yeas 50, nays 36, as follows:

YEAS—50

Aiken	George	Martin
Brewster	Gillette	Millikin
Bricker	Gurney	Mundt
Bridges	Hendrickson	Saltonstall
Butler	Hickenlooper	Schoeppel
Byrd	Hoey	Smith, Maine
Capehart	Hunt	Smith, N. J.
Chapman	Ives	Stennis
Cordon	Jenner	Taft
Darby	Johnson, Colo.	Thye
Donnell	Johnson, Tex.	Tobey
Dworshak	Kem	Watkins
Ecton	Knowland	Wherry
Ellender	Lodge	Wiley
Ferguson	McCarthy	Williams
Flanders	McClellan	Young
Frear	Malone	

NAYS—36

Anderson	Kefauver	Maybank
Benton	Kerr	Morse
Chavez	Kilgore	Murray
Connally	Langer	Myers
Douglas	Leahy	O'Conor
Fulbright	Lehman	O'Mahoney
Graham	Long	Pepper
Green	Lucas	Robertson
Hill	McCarran	Sparkman
Holland	McFarland	Taylor
Humphrey	McMahon	Thomas, Utah
Johnston, S. C.	Magnuson	Withers

NOT VOTING—10

Cain	McKellar	Tydings
Downey	Neely	Vandenberg
Eastland	Russell	
Hayden	Thomas, Okla.	

So Mr. BRICKER's amendment, as modified, was agreed to.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART] to strike out title IV.

Mr. CAPEHART. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CAPEHART. Has the time expired?

The PRESIDING OFFICER. The time has expired.

Mr. CAPEHART. Mr. President, I move that the Senate reconsider the vote by which the amendment of the Senator from Ohio [Mr. BRICKER], as modified, was agreed to.

Mr. WHERRY. Mr. President, I move that that motion be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion of the Senator from Indiana that the Senate reconsider the vote by which the amendment of the Senator from Ohio, as modified, was agreed to.

The motion to lay on the table was agreed to.

Mr. CAPEHART. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CAPEHART. Will the Chair state the question?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana, which would strike out title IV.

Mr. CAPEHART and other Senators requested the yeas and nays.

Mr. WILLIAMS. Mr. President——

The PRESIDING OFFICER. For what purpose does the Senator from Delaware rise?

Mr. WILLIAMS. I wish to offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Delaware.

The LEGISLATIVE CLERK. At the appropriate place in the bill it is proposed to insert the following:

Notwithstanding any other provision of this act, whenever the President decides that either price ceilings or wage stabilization is necessary, he must simultaneously declare both into effect as of the same base period, such base period being a 30-day period selected prior to June 24, 1950.

Beginning on page 40, in line 23, with the word "regulations", strike out through page 41, line 8 and insert the following:

Whenever a ceiling is established for any material, service, or property, the President shall prohibit any increase in any wage, salary, or other compensation paid by any seller of such material, service, or property.

Beginning on page 41, in line 19, with the word "regulations", strike out through page 42, line 3, and insert the following:

Whenever a ceiling is established for any material, service, or property, the President shall prohibit any increase in any wage, salary, or other compensation paid by any seller of such material, service, or property.

Mr. WILLIAMS. Mr. President——

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAYBANK. Has this amendment been submitted and printed prior to this hour?

Mr. WILLIAMS. Mr. President, I can explain it very easily——

Mr. MAYBANK. I did not ask that.

The PRESIDING OFFICER. There is no rule which requires that an amendment be submitted and printed prior to this time.

Mr. WILLIAMS. Mr. President, my amendment is in the same situation as is the amendment regarding tobacco, which was passed on earlier in the day.

Mr. MAYBANK. Mr. President, I had nothing to do with the tobacco amend-

ment. The Committee on Agriculture and Forestry suggested that amendment.

Mr. WILLIAMS. Mr. President, we have just adopted an amendment offered by the junior Senator from Ohio which provides that if the President shall decide to put into effect either price or wage controls he must put them both into effect. But it does not provide that they must be computed as of the same base period. My amendment provides that if the President decides to take action which freezes either prices or wages, he must select for both the same base period, and it must be some 30-day period prior to the outbreak of the Korean hostilities. Under the bill the President would have power, notwithstanding any future wage freeze, to order wage increases in any industry which in his opinion could absorb such wage increases without corresponding price increases. In my opinion there is no such thing as a wage increase which does not result in a commensurate price increase in the manufactured product. My amendment strikes out that elective power of the President, and it says that if he is to establish either price or wage ceilings he must establish both of them as of the same date, using as a base some 30-day period prior to June 24 or the beginning of the Korean hostilities. He would be allowed to make no exception except as the Board makes exceptions to correct certain inequities.

Mr. MAYBANK. Mr. President, I do not want to take much time on the amendment. However, the amendment which the Presiding Officer, the Senator from Virginia, and I offered was printed, and a statement was made. I have not seen any statement on this amendment. I do not know how far the amendment goes. I want it understood that the other amendment was printed and was lying on the table.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. WILLIAMS. Yes.

Mr. FLANDERS. I should like to know whether the Senator is proposing a roll-back of both wages and prices to some period prior to June 25.

Mr. WILLIAMS. Not necessarily. I am proposing that whatever date is selected for prices and wages must be applicable to both, and whatever base period is selected must be a 30-day period prior to the outbreak of the Korean hostilities. Otherwise, any base period selected this side of June 24 would be the equivalent of paying a premium to any retailer or manufacturer who jumped the gun, and made unnecessary increases in his prices as well as any union that now rushed forward to obtain wage increases.

Mr. FLANDERS. It does not require an automatic roll-back?

Mr. WILLIAMS. No; it merely provides that both the wage earner and farmer be treated alike.

Mr. TYDINGS. I could not hear everything the Senator from Delaware said. Did I understand him to say that if a date is decided upon, it must be a date prior to the outbreak of the Korean hostilities?

Mr. WILLIAMS. Yes. Whatever base period for establishing wage or price ceilings is selected it must be some period prior to the beginning of hostilities.

Mr. TYDINGS. Unless that is done, we would have a situation where prices have gone up and wages have not gone up. Unless there is a roll-back to a date prior to the beginning of hostilities, it would not be fair to all.

Mr. WILLIAMS. I agree, and that is why I am offering my amendment. I may also point out that this amendment would automatically repeal the provisions in the bill exempting certain agricultural products from any special consideration. That should be done in fairness to all agriculture.

Mr. MAYBANK. So far as I can gather, without reading all of the amendment, it is identical with the amendment we have already voted on. I yield 2 minutes to the Senator from Illinois.

Mr. DOUGLAS. I do not have before me a copy of the amendment offered by the Senator from Delaware, which indicates the difficulty under which we are operating.

However, as I listened to its reading it seemed to be identical with the proposal made by the Senator from Ohio [Mr. BRICKER], which was recently defeated, namely, to require wages and prices to be stabilized as of the same date. If that is true—and I think it is true—the same objection holds, namely, that if we stabilize prices as of a given period, we would allow for price increases, which go to an employer. However, since wages lag behind prices we would not give to the workingman an opportunity to have his wages catch up with the increase in prices. Therefore, the effect of such a proposal would be to decrease the standard of living of the workers while giving speculative increases in prices to the employers.

Mr. TAFT. The base period must be prior to June 24, the date set out in the amendment. The Koreans attacked on the 25th.

Mr. DOUGLAS. That takes care of any increase since that date. However, there was a rise in prices during the preceding month. Prices had been going up, and wages had not been rising. So the amendment is a proposal to let the pre-Korean increase go to the holders of commodities but not to the workingmen themselves.

Mr. BRICKER. Under the amendment I think the President could go back previous to the increase in the month before the Korean outbreak.

Mr. DOUGLAS. It speaks of an average of a 30-day period.

Mr. THYE. May I ask a question of the author of the amendment?

Mr. WILLIAMS. I yield.

Mr. THYE. Am I to understand that the producer of a commodity which was not up to parity as of June 15th or 25th, to whichever date reference is made, would have his price frozen at the price which prevailed at that time?

Mr. WILLIAMS. Not necessarily, but it would make it possible to freeze it as of that date. Do not forget this bill is supposed to protect the consumer against unnecessary price increases. It would repeal that provision as I said before—and I want it clearly understood—that Senators in voting for the amendment would be voting for the repeal of the special exemption which was placed in the bill earlier this afternoon whereby basic agricultural commodities would be entitled to special consideration. I do not think that other amendment should have passed. We cannot allow 10 percent increases in certain agricultural commodities and then consider freezing all other commodities without a corresponding increase.

Mr. THYE. I am sure that the Senator from Delaware is aware of the fact that certain producers were not at parity. In fact, certain producers were far below parity. If it is the intent of the Senator from Delaware to freeze those commodities at below parity, I do not believe the amendment should be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware.

Mr. WILLIAMS and other Senators requested the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Arizona [Mr. HAYDEN], and the Senator from West Virginia [Mr. NEELY] are absent on public business.

The Senator from Georgia [Mr. RUSSELL] is unavoidably detained on official business.

The Senator from Oklahoma [Mr. THOMAS] is necessarily absent.

I announce further that if present and voting, the Senator from California [Mr. DOWNEY], the Senator from Arizona [Mr. HAYDEN], the Senator from West Virginia [Mr. NEELY], and the Senator from Georgia [Mr. RUSSELL] would vote "nay."

Mr. SALTONSTALL. The Senator from Washington [Mr. CAIN] and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from Vermont [Mr. FLANDERS], the Senator from South Dakota [Mr. GURNEY], and the Senator from Indiana [Mr. JENNER] are detained on official business.

The result was announced—yeas 11, nays 74, as follows:

YEAS—11

Bricker	Ecton	Martin
Bridges	Frear	Taft
Byrd	Kem	Williams
Cordon	Knowland	

NAYS—74

Aiken	Fulbright	Johnston, S. C.
Anderson	George	Kefauver
Benton	Gillette	Kerr
Brewster	Graham	Kilgore
Butler	Green	Langer
Capehart	Hendrickson	Leahy
Chapman	Hickenlooper	Lehman
Chavez	Hill	Lodge
Connally	Hoey	Long
Darby	Holland	Lucas
Donnell	Humphrey	McCarran
Douglas	Hunt	McCarthy
Dworshak	Ives	McClellan
Ellender	Johnson, Colo.	McFarland
Ferguson	Johnson, Tex.	McKellar

McMahon	O'Mahoney	Thomas, Utah
Magnuson	Pepper	Thye
Malone	Robertson	Tobey
Maybank	Saltonstall	Tydings
Millikin	Schoeppel	Watkins
Morse	Smith, Maine	Wherry
Mundt	Smith, N. J.	Wiley
Murray	Sparkman	Withers
Myers	Stennis	Young
O'Conor	Taylor	

NOT VOTING—11

Cain	Gurney	Russell
Downey	Hayden	Thomas, Okla.
Eastland	Jenner	Vandenberg
Flanders	Neely	

So Mr. WILLIAMS' amendment was rejected.

The VICE PRESIDENT. The question now recurs on the motion of the Senator from Indiana [Mr. CAPEHART] to strike out title IV. The yeas and nays have been ordered.

Mr. MAYBANK. Mr. President, there was so much confusion I could not hear what the Chair announced. As I understand, the yeas and nays have been ordered on the motion of the Senator from Indiana to strike out entirely title IV.

The VICE PRESIDENT. The Senator is correct.

Mr. WILLIAMS. Mr. President, I have one further amendment which I should like to offer at this time.

The VICE PRESIDENT. The Senator will send it to the desk, and it will be stated.

The CHIEF CLERK. On page 46, between lines 18 and 19, it is proposed to insert the following:

(h) Whenever any wage, salary, or other compensation is stabilized pursuant to the provisions of this section, the President shall, notwithstanding any other provision of law, prohibit any step-increase or other increase in the wage, salary, or other compensation payable to any employee in any branch, department, or agency of the United States, other than an increase by reason of transfer or promotion to an existing position which has become vacant or to a new position which has been created because of an increased work load in such branch, department, or agency.

Mr. WILLIAMS. Mr. President, this amendment provides that at the time the President declares price and wage controls in effect he must, at the same time, freeze the wages and salaries and other compensation of all civilian Government employees.

During the last war this provision was not in effect, and we had the unfair situation where Government employees were receiving salary increases through in-grade promotions while at the same time wages in private industry were frozen.

If under S. 3936 we are going to authorize the President to freeze wages in private industry, I think we have no alternative other than to make it mandatory that the Government, the largest employer, comply with its own regulation.

We are proposing to freeze the prices of all agricultural products. If we do this, and thereby freeze the cost of living to the Government employee, it is only fair that he in turn should expect his own salary frozen along with other incomes.

Unless this amendment is adopted whereby Government employees are subjected to the same rules as will apply to other workers the bill will be unfair and will not work.

This bill has been loaded with so many amendments providing special exemptions for practically every pressure group that unless we are very careful it will in its final form be worse than no legislation at all. We have completely forgotten the American consumer.

We have—

First. Provided special exemptions for the farmers producing wheat, corn, cotton, peanuts, and tobacco protecting them against any prospective roll-back in prices to the level prevailing prior to the Korean outbreak.

Second. The Senate has accepted an amendment providing a special subsidy to the mining industry amounting to about $100,000,000 annually. This is the same subsidy proposal which was rejected in 1948 and again in 1949. It has nothing to do with price controls.

Third. The Senate has rejected the amendment proposing that all nonessential Government construction be suspended for the duration of the emergency. This would release many strategic materials for our defense plants and at the same time reduce Government expenditures.

Fourth. Under an amendment which has been accepted, the Senate has empowered the President that (notwithstanding the fact that wage ceilings might be in effect) he can authorize wage increases in an industry which he thinks can absorb such increase without necessitating corresponding price increases in their products. We all know full well that there is no such thing as a wage increase without price increases.

Fifth. The amendment which I am now offering will eliminate one inequity in that it will strike out that provision in the bill which now proposes to exempt Government employees from future wage freeze. Why should Government employees be exempted from the provisions of this bill?

Mr. President, I think we need both wage and price controls provided they could be enacted in a bill which would treat all groups on a basis of equality and I had announced my intention to vote for such controls. We also need to confer upon the President the power to allocate certain materials which are needed for our national defense as well as give him certain powers to control credit. This is essential not only to rebuild our military machine but also to check a very real inflationary threat.

But this bill will not protect the American housewife. This bill actually encourages higher prices for practically every commodity. It is loaded with so many special exemptions through attempts to take care of the different pressure groups that it will just not work.

It is most unfortunate that with American boys dying in Korea and with our country facing one of its most serious crises that the Congress will not forget politics long enough to enact the proper legislation. Every Member of Congress knows what legislation is needed and all that is required to enact that legislation would be for the Members of Congress to forget politics and stop trying to buy the 1950 elections under the guise of a national emergency. I am sorry that we are failing so completely to cope with this emergency. There is no such thing as half control, it must be all or none.

Mr. MAYBANK. Mr. President, I yield to my colleague from South Carolina [Mr. JOHNSTON].

Mr. JOHNSTON of South Carolina. As I understand the amendment, it would prevent automatic increases being made in various departments.

Mr. WILLIAMS. Yes.

Mr. JOHNSTON of South Carolina. And stop pay increases?

Mr. WILLIAMS. Yes.

Mr. JOHNSTON of South Carolina. Those are matters which we have already regulated by law. At any time further regulation is found to be necessary such regulation can be made by act of Congress at any time, or action can be taken in connection with an appropriation bill, or by provision for a change in the existing system. Therefore I bitterly oppose the amendment on the ground that it deals with what we have already provided by act of Congress.

Mr. WILLIAMS. I might say that the whole bill does a great many things that have been done previously.

Mr. MAYBANK. Mr. President, I have no desire to read the statement I have which deals with the amendment. I ask for a vote on the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. WILLIAMS]. [Putting the question.] The "noes" seem to have it. The "noes" have it.

Mr. WILLIAMS. I ask for a division.

The VICE PRESIDENT. The Senator asks for a division a little late, but it will be given to him.

Mr. WILLIAMS. Mr. President, I ask for the yeas and nays.

Mr. MAYBANK. Let us have the yeas and nays.

The yeas and nays were not ordered.

The VICE PRESIDENT. A division has been requested.

On a division Mr. WILLIAMS' amendment was rejected.

The VICE PRESIDENT. The question now is upon the motion of the Senator from Indiana [Mr. CAPEHART] to strike out title IV, upon which the yeas and nays have been ordered. The Secretary will call the roll.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. DOUGLAS. What is the motion before the Senate?

The VICE PRESIDENT. The motion is that of the Senator from Indiana [Mr. CAPEHART] to strike out title IV. The Secretary will call the roll.

The Chief Clerk called the roll.

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Arizona [Mr. HAYDEN], and the Senator from West Virginia [Mr. NEELY] are absent on public business.

The Senator from Georgia [Mr. RUSSELL] is unavoidably detained on official business.

The Senator from Oklahoma [Mr. THOMAS] is necessarily absent.

I announce further that if present and voting, the Senator from California [Mr. DOWNEY], the Senator from Mississippi [Mr. EASTLAND], the Senator from Arizona [Mr. HAYDEN], the Senator from West Virginia [Mr. NEELY], and the Senator from Georgia [Mr. RUSSELL] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Washington [Mr. CAIN] and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The senior Senator from New Hampshire [Mr. BRIDGES], the Senator from Oregon [Mr. CORDON], the Senator from Vermont [Mr. FLANDERS], the Senator from South Dakota [Mr. GURNEY], the Senator from Indiana [Mr. JENNER], the Senator from Nevada [Mr. MALONE] and the junior Senator from New Hampshire [Mr. TOBEY] are detained on official business.

The result was announced—yeas 6, nays 75, as follows:

YEAS—6

Bricker	Ecton	Taft
Capehart	Kem	Williams

NAYS—75

Aiken	Holland	Maybank
Anderson	Humphrey	Millikin
Benton	Hunt	Morse
Brewster	Ives	Mundt
Butler	Johnson, Colo.	Murray
Byrd	Johnson, Tex.	Myers
Chapman	Johnston, S. C.	O'Conor
Chavez	Kefauver	O'Mahoney
Connally	Kerr	Pepper
Darby	Kilgore	Robertson
Donnell	Knowland	Saltonstall
Douglas	Langer	Schoeppel
Dworshak	Leahy	Smith, Maine
Ellender	Lehman	Smith, N. J.
Ferguson	Lodge	Sparkman
Frear	Long	Stennis
Fulbright	Lucas	Taylor
George	McCarran	Thomas, Utah
Gillette	McCarthy	Thye
Graham	McClellan	Tydings
Green	McFarland	Watkins
Hendrickson	McKellar	Wherry
Hickenlooper	McMahon	Wiley
Hill	Magnuson	Withers
Hoey	Martin	Young

NOT VOTING—15

Bridges	Flanders	Neely
Cain	Gurney	Russell
Cordon	Hayden	Thomas, Okla.
Downey	Jenner	Tobey
Eastland	Malone	Vandenberg

So Mr. CAPEHART's motion was rejected.

Mr. BYRD. Mr. President, I call up the amendment marked "8-11-50-R," which I offer. The amendment is offered on behalf of myself, the Senator from Michigan [Mr. FERGUSON], and the Senator from Nebraska [Mr. WHERRY].

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 82, in line 9, it is proposed to strike out "June 30, 1952" and insert in lieu thereof "June 30, 1951"; on page 32, line 8, to strike out "June 30, 1952" and insert in lieu thereof "June 30, 1951"; on page 37, lines 7 and 8, to strike out "June 30, 1952" and insert in lieu thereof "June 30, 1951"; on page 77, lines 17 and 18, to strike out "June 30, 1952" and insert in lieu thereof "June 30, 1951."

Mr. BYRD. Mr. President——

The VICE PRESIDENT. The Senator from Virginia is recognized for 5 minutes.

Mr. BYRD. When the control bill was passed by the House of Representatives, a provision was added to have it expire on June 30, 1951. This amendment, if it is adopted, will make the Senate bill conform to the House bill.

I think this amendment is very important because at this time no one can foretell the extent of the emergency with which we are dealing. It may be much greater than we now think, or it may not be so great.

This amendment will give the Congress an opportunity to review this measure and to reenact such parts of it as Congress may see fit to reenact, or to make this measure stronger, or to do whatever Congress may think best to be done under the circumstances existing at that time.

I imagine that Congress will be in virtually constant session throughout the spring of next year, and certainly until June 30, although it may be that thereafter there will be a recess from time to time. The amendment will give us a chance to see where we are going—which is more than we are able to tell now.

I congratulate the committee for doing such fine work in a very brief period. Necessarily this measure was prepared in a very short time.

I think this bill confers on the President the greatest power ever conferred on a President of the United States in time of peace. I think the Senate should retain the right, under the expiration date now proposed—which will conform with that provided by the House of Representatives—to review the measure next spring and see what should be done further.

Mr. President, I yield 1 minute of my remaining time to the Senator from Nebraska [Mr. WHERRY].

The VICE PRESIDENT. The Senator from Nebraska is recognized for 1 minute.

Mr. WHERRY. Mr. President, I am a cosponsor of the amendment. I wish to endorse everything which has been said by the senior Senator from Virginia.

Possibly it is because I am a member of the Appropriations Committee that I feel that reviews are very desirable in connection with legislative enactments and the regulations and controls which go with them.

If at the end of a year the situation confronting us is worse than is the present situation, certainly there will be no difficulty about extending these controls. On the other hand, as the distinguished Senator from Virginia and other Senators already have said this afternoon, this bill provides a great deal of power. If the bill is administered constructively, certainly a review would reveal that, and the chances are that then there would be no difficulty in continuing the powers now proposed in the bill.

Certainly one way to find out about that situation and to correct any inequities is to have a review made. The best way to provide for the making of a review is to provide a termination date for the granting of the authority and the powers. I insisted upon having that done in the case of the selective service bill.

I believe that at the end of 1 year is a good time at which to have a review made, and then to determine whether to extend the powers or to withdraw them.

The VICE PRESIDENT. The time of the Senator from Nebraska has expired.

Mr. BYRD. Mr. President, I yield 1 minute to the Senator from Michigan [Mr. FERGUSON].

The VICE PRESIDENT. The Senator from Michigan is recognized for 1 minute.

Mr. FERGUSON. Mr. President, I have joined in sponsoring the amendment to limit this legislation to 1 year, to August 31, 1951, because I believe we are facing an emergency; otherwise no such legislation is necessary. I am of the belief that if we take this firm stand and prepare for any emergency, indicating to the Soviet Union and the other countries of the world that we are determined to prepare for the worst that could happen and to stop aggressions which may become a third world war, we may be able to stave off and prevent such a war.

I believe that if we limit the operations under this bill by providing that the authority granted under it shall expire next year that will make it possible for Congress to review the entire proceedings under the bill and to do so during the first part of the next session of Congress.

In this measure we are granting great power, exceptional power, to the Executive; we are doing so on the basis of the facts we have before us today. If it was only to take care of the crisis in Korea, we would not need these controls. We must be prepared for a greater emergency if it comes, and as it looks now it may come at any time; but we should look at the facts as they will appear after the next session of Congress begins in January 1951, and determine what controls we then need to prevent inflation and prepare for this national security.

The VICE PRESIDENT. The time of the Senator from Michigan has expired.

Mr. BYRD. Mr. President, I yield 1 minute to the Senator from California [Mr. KNOWLAND].

The VICE PRESIDENT. The Senator from California is recognized for 1 minute.

Mr. KNOWLAND. Mr. President, I desire to support the amendment. For the reasons which have been stated by the Senator from Virginia [Mr. BYRD], the Senator from Michigan [Mr. FERGUSON], and other Senators, I think it is important that we provide this restriction on the power granted to the executive branch of the Government. If that is done, then after we return, following November, we shall have a chance to review the operations under this measure.

Mr. CAPEHART. Mr. President, I should like to ask the Senator from Virginia to consider making a modification of his amendment.

The VICE PRESIDENT. The time of the Senator from Virginia has expired.

Mr. CAPEHART. Then, Mr. President, I offer an amendment in the nature of a substitute, to provide that wherever the date "June 30, 1951" appears in the amendment, it be changed to "August 31, 1951."

The effect of my substitute will be to make the bill a 12-month bill. I have had such an amendment at the desk.

The VICE PRESIDENT. The Senator from Indiana is recognized for 5 minutes.

Mr. CAPEHART. I wonder whether the able Senator from Virginia is willing to accept the August 31 date.

Mr. BYRD. I will accept it.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I am glad to yield.

Mr. SALTONSTALL. What is the opinion of the Senator from Indiana or what is the opinion of the Senator from Virginia as to the ability to obtain men to operate the central agency if the powers are to be provided for a short time only. Will it be possible to set up the agency in a satisfactory way, in such case?

Mr. BYRD. The bill itself provides that it can be terminated by means of a concurrent resolution. Certainly this amendment would not provide much more than that, because under the bill as it now stands, the powers could be terminated by means of a concurrent resolution, which does not require the signature of the President.

Mr. MAYBANK. Mr. President——

The VICE PRESIDENT. The Senator from South Carolina is recognized for 5 minutes.

Mr. MAYBANK. Mr. President, on three different occasions the Senator from Indiana [Mr. CAPEHART] brought up the same amendment in the committee, and on three separate occasions the committee voted down the amendment. In some instances I think there was only one vote in favor of the amendment, and at other times I think there were three votes in favor of the amendment.

When we were in executive session, we heard from General Bradley and also Secretary Symington. They begged and pleaded with us not to tie the hands of those whom they might employ to work under contract for an indefinite period, perhaps 10 months, possibly less. We have gone as far in this bill as it is possible for us to go. If Senators will refer to page 82 of the bill, they will find this language:

> This act and all authority conferred hereunder shall terminate June 30, 1952, or at such earlier time as the Congress by concurrent resolution or the President may designate.

We further amended it by an amendment offered by the Senator from Ohio, to the effect that the Congress may annul ary section of whatever bill we may pass. That is the situation with which we are faced. By concurrent resolution, we can annul titles I, II, III, and so forth. The members of the committee heard General Bradley and Secretary Symington and the heads of various other agencies in executive session, who begged and pleaded that there be no such limitation because of the condition suggested by the Senator from Massachusetts a few moments ago. The bill, if passed, would for example confer the right upon the President to employ men from industry. We have given full opportunity to all who desire to be heard before the committee. The Senator from Indiana [Mr. CAPEHART] himself brought this up three times. Am I correct in that?

Mr. CAPEHART. That is correct.

Mr. MAYBANK. It was voted down each time.

Mr. FERGUSON. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Michigan?

Mr. MAYBANK. I am glad to yield for a question.

Mr. FERGUSON. Does the Senator believe that, if there is no emergency requiring legislation of this kind, we should create jobs for those who might fill them temporarily, while we determine whether we need them?

Mr. MAYBANK. Mr. President, there were many amendments which I did not vote for, which were added by the committee. But if I did not believe there was an emergency, I should not be here tonight even to vote for this bill. The Senator knows that well.

Mr. FERGUSON. I join with the Senator. I would not be voting for it either.

Mr. MAYBANK. I want the Senate to know that the Congress can terminate any section of the act through a concurrent resolution, whenever it desires. General Bradley and Secretary Symington asked us to make the life of the law 2 years. I agree with the distinguished Senator from Virginia that the House did cut it down, but I am not certain that the House heard the remarks of General Bradley or of Secretary Symington and their reasons for asking what they did. I yield a moment of my time to the Senator from Alabama, if I have that much time left.

The VICE PRESIDENT. The Senator has a minute and a half.

Mr. SPARKMAN. Mr. President, I desire to endorse what the chairman of the committee has said. It seems to me there is a psychological argument in favor of having this control measure last for a period of time, particularly when we consider the manner in which it has been safeguarded. The committee included a provision which would give the Congress the right, through a concurrent resolution, to terminate the entire act at any time it desired. On the floor of the Senate we adopted another amendment authorizing the Congress to terminate any section at any time it desired. It seems to me that if we want to do a full job, psychologically speaking, we should go into this thing as though we intend to do it. The agencies cannot get started under the bill within the 9-month period proposed by the amendment. In addition to the inability to get people to leave their work and come here and try to get the program going, I believe that psychologically the longer period is preferable.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I am glad to yield.

Mr. LUCAS. Is it not about time that the Congress recognized some of the prophecies and some of the requests that General Bradley has been making over the past 2 or 3 years?

Mr. SPARKMAN. I certainly think it is, and, as the chairman of the committee has so well pointed out, there was rather strong sentiment in the committee in favor of shortening the time, until we heard General Bradley in executive session. The committee then overwhelmingly and almost unanimously voted against shortenting the period provided in the bill.

Mr. AIKEN. Mr. President, will the Senator yield?

The VICE PRESIDENT. The Senator's time has expired. All time has expired. The question is on agreeing to the amendment of the Senator from Virginia [Mr. BYRD] as modified.

Mr. BYRD. I ask that the amendment, as modified, be read.

The VICE PRESIDENT. The clerk will read the amendment, as amended.

The CHIEF CLERK. On page 32, line 8, it is proposed to strike out "June 30, 1952" and insert "August 31, 1951"; on page 37, line 7 strike out "June 30, 1952", and insert "August 31, 1951"; on page 77, line 17 strike out "June 30, 1952", and insert "August 31, 1951"; and on page 82, line 9 strike out "June 30, 1952", and insert "August 31, 1951."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Virginia, as modified.

Mr. BYRD. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Arizona [Mr. HAYDEN], and the Senator from West Virginia [Mr. NEELY] are absent on public business.

The Senator from Oklahoma [Mr. THOMAS], and the Senator from Kentucky [Mr. WITHERS] are necessarily absent.

I announce that on this vote the Senator from West Virginia [Mr. NEELY] is paired with the Senator from Washington [Mr. CAIN]. If present and voting, the Senator from West Virginia would vote "nay," and the Senator from Washington would vote "yea."

I announce further that if present and voting, the Senator from California [Mr. DOWNEY], and the Senator from Arizona [Mr. HAYDEN] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Michigan [Mr. VANDENBERG] is absent by leave of the Senate.

The Senator from Washington [Mr. CAIN], who is absent by leave of the Senate is paired with the Senator from West Virginia [Mr. NEELY]. If present and voting, the Senator from Washington would vote "yea" and the Senator from West Virginia would vote "nay."

The Senator from Vermont [Mr. FLANDERS] and the Senator from South

Dakota [Mr. GURNEY] are detained on official business.

The result was announced—yeas 38, nays 48, as follows:

YEAS—38

Brewster	Hickenlooper	O'Conor
Bricker	Jenner	Saltonstall
Bridges	Johnson, Colo.	Schoeppel
Butler	Kem	Taft
Byrd	Knowland	Thye
Capehart	Lodge	Tobey
Cordon	McCarran	Tydings
Donnell	McCarthy	Watkins
Dworshak	McClellan	Wherry
Ecton	Malone	Wiley
Ferguson	Martin	Williams
Fulbright	Millikin	Young
Hendrickson	Mundt	

NAYS—48

Aiken	Holland	McMahon
Anderson	Humphrey	Magnuson
Benton	Hunt	Maybank
Chapman	Ives	Morse
Chavez	Johnson, Tex.	Murray
Connally	Johnston, S. C.	Myers
Darby	Kefauver	O'Mahoney
Douglas	Kerr	Pepper
Ellender	Kilgore	Robertson
Frear	Langer	Russell
George	Leahy	Smith, Maine
Gillette	Lehman	Smith, N. J.
Graham	Long	Sparkman
Green	Lucas	Stennis
Hill	McFarland	Taylor
Hoey	McKellar	Thomas, Utah

NOT VOTING—10

Cain	Gurney	Vandenberg
Downey	Hayden	Withers
Eastland	Neely	
Flanders	Thomas, Okla.	

So Mr. BYRD's amendment, as modified, was rejected.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. BENTON. Mr. President, I send to the desk an amendment and ask that it be stated.

The VICE PRESIDENT. The Secretary will state the amendment.

The CHIEF CLERK. On page 69, lines 7 and 8, and page 60, line 2, it is proposed to delete "construction,"; on page 62, line 1, to delete "construction"; on page 62, line 5, to delete "new construction on"; on page 62, lines 5 and 6, to delete "or real property on which there is new construction" and to delete the remainder of line 6 and from line 7 to and including "1950." in line 10; and on page 62, line 13, to delete "construction."

Mr. BENTON. Mr. President, these various changes add up to just one thing. This amendment authorizes the Federal Reserve Board to control credit over all privately financed real estate, and not merely over new construction. The bill as introduced contained such authority for the President. While my amendment does not propose to take the field from the Federal Reserve Board, it does expand the proposed power of the Federal Reserve Board in order to plug a loophole so transparently big that the proposed credit controls may be largely ineffective in controlling inflation in real estate.

It may be recalled that the President specifically mentioned this needed power in his recent letter to the President of the Senate regarding the bill. If the authority called for in this amendment is not included in the bill, I fear lack of credit controls over presently existing buildings will result in a severe inflationary boom in that field, as in the last war, should it become necessary to control credit on new construction. I think we are all familiar, Mr. President, with the issue involved in this subject, and I do not think I can contribute enlightenment by any further discussion on my part.

I urge the adoption of the amendment.

Mr. MAYBANK. Mr. President, I merely wish to say that I appreciate what the Senator from Connecticut has said, but I regret that because the amendment was defeated in committee, I cannot, as chairman of the committee, accept it. I would have to oppose it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. BENTON]. [Putting the question.]

The amendment was rejected.

Mr. WATKINS. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The CHIEF CLERK. On page 43, line 21, at the end of section 402 (d), it is proposed to insert the following:

Nothing in this subsection shall be construed to prohibit ceilings designed to allow a seller his normal percentage, cash, or other margin of profit; and ceilings shall be designed to allow sellers whose margin of profit is normally determined by the application of a percentage discount, mark-up, or other basis their normal margin of profit so determined.

Mr. WATKINS. Mr. President, an amendment, proposed by the Senator from Delaware [Mr. WILLIAMS], adopted by the Senate in its consideration of Senate bill 3936, Defense Production Act, is of some concern. That amendment provides that no ceiling price shall be established to allow a seller a "margin of profit greater than his average margin of profit" on sales of commodities and service during the representative period.

The retail automobile industry operates on a discount basis in purchasing automotive products from the manufacturer. The manufacturer suggests a retail list price, and the dealer buys his motor vehicles at an established discount from that list price. This method of doing business has been established over the years, and prices have moved downward, as well as upward, during that period.

During the last war OPA, in several instances, authorized price increases to the manufacturer on the basis of increased costs, and the dealer's discount remained the same. In the latter days of OPA that organization attempted to reduce the historic discount in the industry. This was resisted, and the Congress in 1946 adopted an amendment to the Emergency Price Control Act preventing OPA from changing this historic discount arrangement, section 10 (q), Price Control Extension Act of 1946.

Should price controls be reinstated, and the governmental agency in charge permit the manufacturer either to increase or decrease the list price, this would result in an increase or decrease in the dealer's dollar income.

If the words "margin of profit" were construed by the Administrator, after authorizing an increase in the list price, to place a ceiling on the dealer's dollar return, then this would have the effect of lowering the dealer's historic discount. If the prices of the manufacturer should go up because of costs, then likewise the retail industry has also increased costs, and the discount should remain the same, although it would produce additional dollar income. Conversely, should the price of the manufacturer be reduced, the retail industry would want the historic discount maintained even though it would mean a reduced dollar income. Thus, it is not the dollar income which is important but the maintenance of the discount rate. The words "margin of profit" might be constructed by an administrative agency to bring about a change in the retail dealer's historic discount.

The amendment is made necessary by the adoption of the amendment offered by the Senator from Delaware. It seems to me inasmuch as Congress once before acted upon this very problem and in 1946 passed the act, making this construction, that the Senate should adopt the amendment so that there will be no doubt about the fact that the historic practice will be approved and will not be the subject of argument back and forth. I suggest that the chairman of the committee take the amendment to conference.

Mr. MAYBANK. While I understand the desire of the Senator from Utah with respect to carrying the amendment to conference, I wish to point out there are still so many amendments pending which must be considered——

Mr. WATKINS. The subject of the amendment is pretty well known.

Mr. MAYBANK. The amendment was not printed. The Senator from Indiana advises that he has five amendments to offer. Am I correct?

Mr. CAPEHART. That is correct.

Mr. MAYBANK. The Senator from Indiana has five amendments. There are several amendments that will be offered from this side of the aisle. I do not know whether the Senator from Ohio [Mr. TAFT] intends to offer his amendment with respect to title V. I have the greatest affection for the Senator from Utah, but, as I said to the Senator from Connecticut, I simply do not have the capacity to understand all these amendments that come in at the last minute. They have not been presented before, and I have not had a chance to read them. I should like to do it, but shall simply have to be firm in saying—and I speak only for myself—that we should not accept any more amendments which have not been printed. We have many amendments before us. Title V and title VI have not been reached, and then there is the bill itself. It is now 5 minutes after 8. I will stay as long as it is necessary to stay, but I do not have anything more to say on this amendment.

Mr. WATKINS. May I inquire of the Senator, the chairman of the committee,

if he is acquainted with the act passed in 1946? Was not that act taken into consideration by the committee in drafting the bill?

Mr. MAYBANK. Yes; I am familiar with the 1946 act. As the Washington Post said, it may be defined as a decontrol OPA Act. In my judgment it was a mistake. I was very well acquainted in 1941 and 1942 with the act at that time. If we attempt to write an OPA Act on the Senate floor, I do not think we shall get very far. We have very many amendments before us. I understand the minority leader has five amendments to offer. The Senator from Ohio has an amendment to title V. I am not in a position to accept any other amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. WATKINS].

The amendment was rejected.

Mr. CAPEHART. Mr. President, I send an amendment to the desk and ask the clerk to state it.

The CHIEF CLERK. On page 43, at the end of line 21, it is proposed to insert the following:

The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, or requirement under this title, and the method of controlling prices shall be based on the historical pricing practice and experience of the seller.

Mr. CAPEHART. The first portion of the amendment is an insertion taken from the bill which was passed by the House. It is essentially in the language which appears in section 2 (b) of the original Price Control Act. If we adopt the amendment we would be adopting what is already in the House bill.

Mr. MAYBANK. Since it is already in the House bill, it would be in conference. The distinguished Senator from Indiana, who is the Republican leader so far as this bill is concerned in the absence of the Senator from New Hampshire [Mr. TOBEY], would be one of the conferees. I trust he will not press his amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

The amendment was rejected.

The VICE PRESIDENT. The bill is open to further amendment. If there be no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

Mr. CAPEHART. Mr. President, I suggest the absence of a quorum.

Mr. MAYBANK. Will the Senator withhold his suggestion of the absence of a quorum?

Mr. CAPEHART. Yes.

Mr. MAYBANK. I have no right to presume, but I suppose the issue before us is title V. Would I be incorrect in assuming that?

Mr. WHERRY. If the Senator is directing the question to me, I would say yes. A few minutes ago the distinguished acting majority leader, the chairman of the committee, stated that the minority leader had five or six amendments to offer.

Mr. MAYBANK. I meant to say the Senator from Ohio [Mr. TAFT]. The Senator from Indiana told me he had five amendments too.

Mr. CAPEHART. Yes; I have some more amendments.

Mr. WHERRY. I agree that the amendment to title V is a very important amendment. I think we can have a quorum call and——

Mr. MAYBANK. I appreciate the fact that the Senator who rises and is recognized by the Chair has the floor. However, I wonder if we could get to title V, because I think several Senators wish to retire, or have other engagements.

Mr. WHERRY. I suggest to the acting majority leader that we go ahead with the quorum call and immediately thereafter take up the four or five amendments. In the meantime, the Senator from Ohio will be here to present his amendment to title V.

Mr. CAPEHART. Mr. President, I had intended to offer four other amendments which would simply clarify title IV of the bill, which is the OPA title. They are amendments which experience in World War II would suggest should be written into this bill.

I shall not offer the amendments, because I can see that the Senate will not accept them. All of which again proves that when we write title IV into the bill, which is an OPA title, and calls for the President of the United States to set up price control, wage control, and rationing, without holding any hearings whatsoever, and without calling in anyone who had any experience in World War II with respect to OPA, rationing, price control, or wage control, we are going to pass a bill which the President does not want—and he has said he did not want it and does not now want it—and we shall send the bill to the President of the United States and say to him, "There it is." I would say that there is not one Senator on the floor who understands the implications of title IV.

I am not going to offer the amendments. They are purely clarifying amendments. They are amendments which would have gone into the bill if we had had hearings and had invited to appear those who had had a world of experience in running the OPA and other activities. I am not going to offer the amendments because I do not believe the Senate is in any mood to take them.

The VICE PRESIDENT. Debate is out of order at the present time. There is no amendment pending on which a Senator may speak 5 minutes.

Mr. CAPEHART. Mr. President, I send an amendment to the desk, and I ask unanimous consent that the reading of the amendment be waived.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the amendment will not be read.

Mr. CAPEHART's amendment is as follows:

In line 16, on page 43, before the word "Any", insert the following: "No adjustment of the ceiling with respect to wages, salaries, or other compensation for any type of employment shall be conditioned upon an agreement by the person for whom such employment is performed that such adjustment will not be used as justification for adjustment of the ceiling with respect to materials, services, or property sold by such person."

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the RECORD numerous telegrams and letters I have received on the subject I have been discussing.

The VICE PRESIDENT. Is there objection?

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

EVANSVILLE, IND., *August 19, 1950.*
HOMER CAPEHART,
Senate Building, Washington, D. C.:

We are opposed to price controls at present. In case of price controls, it must not be selective but should apply to all commodities and wages.

PAUL NIEHAUS,
Chairman, Vanderburgh County Farm Bureau, Inc.

MADISON, IND., *August 1, 1950.*
Senator CAPEHART,
Washington, D. C.:

We are opposed to price controls unless same applied to all commodities and wages.

HARTLEY C. STEIN,
President, Jefferson County Farm Bureau.

WARSAW, IND., *August 21, 1950.*
Senator HOMER CAPEHART,
Washington, D. C.:

We are definitely opposed to price control at present. But when necessary they should apply to all commodities and wages.

MILO ROBBINS,
President, Kosciusko County Farm Bureau.

CROWNPOINT, IND., *August 19, 1950.*
Senator CAPEHART:

The Lake County Farm Bureau opposes price control at present. In event of price controls, they must not be selective, but should apply to all commodities and wages.

WILLIAM A. BECKER,
President, Lake County Farm Bureau, Inc.

MITCHELL, IND., *August 21, 1950.*
Senator CAPEHART,
Washington, D. C.:

Indiana Farm Bureau, seventh district, wishes to go on record opposing price controls at present. In event of price controls, we recommend it apply to all commodities and wages.

WAYNE M. MANN,
Seventh District Director, Indiana Farm Bureau, Orleans, Ind.

BLOOMINGTON, IND., *August 19, 1950.*
Senator HOMER CAPEHART,
Washington, D. C.:

Concerning production bill coming up for Senate vote Monday, we oppose price controls at present. In event of price controls must not be selective but should apply to all commodities and wages.

MONROE COUNTY FARM BUREAU, INC.,
CECIL L. MOORE, *President.*

GREENSBURG, IND., *August 19, 1950.*
Senator HOMER CAPEHART,
Washington, D. C.:

Decatur County farmers are opposed to price controls at present. In event of price controls they must not be selective but

should apply to all commodities and wages. We solicit your support in this matter.

DECATUR COUNTY FARM BUREAU,
RALPH P. ONSLER, *President.*

GREENCASTLE, IND., *August 19, 1950.*
Senator HOMER E. CAPEHART,
United States Senate Building,
Washington, D. C.:

We, the Putnam County Farm Bureau, oppose price controls at present. If they must be should apply to all commodities and wages.

EVERETT WALLACE,
County President, Coatesville, Ind.

TERRE HAUTE, IND., *August 19, 1950.*
Senator HOMER CAPEHART,
Washington, D. C.:

Definitely not in favor farm-price controls without controlling labor and everything.

FRED MORGAN,
Hog Feeder.

LA FAYETTE, IND., *August 19, 1950.*
Senator HOMER CAPEHART,
Senate Building, Washington, D. C.:

We urge opposition to price controls at present. In event of price controls they should apply to commodities and wages.

MARTIN L. GALEMA,
President, Tippecanoe County Farm Bureau.

LA PORTE, IND., *August 20, 1950.*
Senator HOMER E. CAPEHART,
Washington, D.C.:

Strongly urge your effort on defence production bill 3939, that if price ceilings be imposed Congress make it mandatory that price and wage controls be applied simultaneously.

CLAYTON L. RHOADE, *Vice President,*
Indiana Cattle Feeders Association.

TERRE HAUTE, IND., *August 21, 1950.*
Senator CAPEHART:

I have discussed with a number of people the defense production bill S. 3936. We believe that for the best interest of our Nation, if and when price and wage controls are necessary, they would be applied across the board at the same time.

WILLARD JONES.

LOGANSPORT, IND., *August 21, 1950.*
Senator CAPEHART,
Senate Office Building,
Washington, D. C.:

Not in favor of price and wage ceiling at present time but if necessary it should not be selected but should all be affected.

WILBER BURROUS,
Cass County Farm Bureau Chairman.

WAYNETOWN, IND., *August 19, 1950.*
Senator HOMER CAPEHART,
United States Senate:

Strongly oppose controls at this time re defense production bill.

RUSSELL MOFFETT,
Fountain County Farm Bureau.

COLUMBUS, IND., *August 19, 1950.*
The Honorable Senator HOMER CAPEHART,
Senate Office Building:

Farmers generally are expressing themselves as feeling that price and rationing controls are not necessary at this time. I hope you have a similar feeling and that you will oppose any legislation that might institute such controls.

GEORGE DOUP,
Columbus, Ind.

NORTH VERNON, IND., *August 19, 1950.*
HOMER CAPEHART,
Indiana Representative,
Senate Building, Washington, D. C.:

The Jennings County Farm Bureau Corp. wishes to express our views on the price control bill now being considered. We believe such a bill is uncalled for at the present time. In case of all-out war our view would be different. I am expressing the views of 755 Farm Bureau families of Jennings County which represent approximately 2,265 votes, respectively.

OVAL MARTIN, *President.*

NEW CASTLE, IND., *August 18, 1950.*
Hon. HOMER E. CAPEHART,
United States Senator,
Senate Office Building,
Washington, D. C.:

Representing 1,549 farm families of Henry County we are opposed to price control at this time and to selective price control at any time. It is our considered judgment that the military clique, bureaucratic advocates, and domineering labor chiefs may use the present incident to further their interests.

HENRY COUNTY FARM BUREAU,
STANLEY WARNER, *President.*

LA FAYETTE, IND., *August 21, 1950.*
Senator CAPEHART,
Senate Office Building,
Washington, D. C.:

Respectfully urge opposition to price controls. Rationing farm products now. When necessary place controls on wages, commodities, and farm prices simultaneously.

LARRY BRANDON.

TIPTON, IND., *August 18, 1950.*
Senator CAPEHART:

Tipton County Farm Bureau oppose price control at present, in event of price control must not be selective but should apply to all commodities and wages.

TIPTON COUNTY FARM BUREAU,
IMEL MILLER, *President.*

HARTFORD CITY, IND., *August 18, 1950.*
Senator HOMER CAPEHART,
Congressional Building,
Washington, D. C.:

Blackford County Farm Bureau, 580 members, oppose price controls at present. Should such be necessary, we insist they be on all commodities and wages, not farmers only.

COUNTY FARM BUREAU,
WALTER L. KNOX,
Chairman.

GOSHEN, IND., *August 18, 1950.*
Hon. HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

We oppose price supports at present. In event of price supports they must not be selective, but should apply to all commodities and wages.

GEORGE G. NEFF,
President, Elkhart County Farm Bureau.

SULLIVAN, IND., *August 18, 1950.*
Senator CAPEHART,
Washington, D. C.:

We wish to express our opposition to price supports at present. If price control is necessary it should cover all commodities and wages.

RUSH DAVIS,
President, Sullivan County Indiana Farm Bureau.

BRAZIL, IND., *August 18, 1950.*
HOMER CAPEHART,
Senator from Indiana,
Washington, D. C.:

Am opposed to price control at present, in event of price control must not be selective, should apply to all commodities.

GORDON JACKSON,
President, Clay County Farm Bureau.

WABASH, IND., *August 18, 1950.*
Senator CAPEHART,
Washington, D. C.:

In regard to defense production bill we are voicing opposition to price control at present. In event of price controls they must not be selective but should apply to all commodities and wages.

ALBERT CARR,
President, Wabash County Farm Bureau, Inc.

HUNTINGTON, IND., *August 18, 1950.*
Hon. Senator HOMER E. CAPEHART,
Washington, D. C.:

Opposed to price control at present, in event of price control must not be selective but should apply to all commodities and wages.

HARRY COUCH,
President, Well County Farm Bureau.

MARION, IND., *August 18, 1950.*
Senator HOMER E. CAPEHART,
Washington, D. C.:

We are opposed to price controls at present in event of controls must not be selective but should apply to all commodities and wages.

THE GRANT COUNTY FARM BUREAU.

WAVELAND, IND., *August 18, 9150.*
Senator CAPEHART,
United States Senate, Washington, D. C.:

Opposed to price control at present. If price control comes it should apply to all commodities and wages.

CARL PORTER,
President, Parke County Farm Bureau.

COLUMBIA CITY, IND., *August 18, 1950.*
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D. C.:

The 1,000 Whitley County farmers, which I represent, demand price controls must not be selective, but apply to all commodities and wages. Why pick on farm people? We oppose all controls at present and solicit your support in opposition. We ask that you see that all groups get controls at the same time.

MERLIN HINDBAUGH,
President, Whitley County Farm Bureau, Inc.

FORT WAYNE, IND., *August 18, 1950.*
Senator HOMER E. CAPEHART,
Senate Chambers,
Washington, D. C.:

The Allen County Farm Bureau is strongly opposed to price controls at this time. In the event controls become necessary we will support only when full control is enforced on both commodities and wages simultaneously.

BRICE B. SMITH, *President.*

INDIANAPOLIS, IND., *August 18, 1950.*
Senator HOMER E. CAPEHART,
Senate, Washington, D. C.:

Urgently request support for Wherry amendment to S. 3936, which would require the President if and when price controls are used to impose simultaneous price and wage controls over the entire economy.

INDIANA IMPLEMENT DEALERS ASSOCIATION.

ROCHESTER, IND., *August 18, 1950.*
Senator HOMER E. CAPEHART,
United States Senate Office Building,
Washington, D. C.:
Oppose price controls at present. In event of price controls they should apply to all commodities and wages.
JOHN H. DAWALD, *President,*
Fulton County Farm Bureau.

CORYDON, IND., *August 18, 1950.*
Hon. CAPEHART,
United States Senate Office Building,
Washington, D. C.:
Urge you vote against defense production bill, oppose price controls at present in event of price control, must not be selective, should apply to all commodities and wages.
EDMUNT GREEN, *President,*
Harrison County Farm Bureau, Inc.

FRANKFORT, IND., *August 18, 1950.*
Senator HOMER CAPEHART,
Senate Office Building,
Washington, D. C.:
Price control bill unfair farmer. Urge vote against. Wages and other prices should be controlled same time.
FRANK KIRKPATRICK, *President,*
Clinton County Farm Bureau.

WILLIAMSPORT, IND., *August 18, 1950.*
Hon. HOMER CAPEHART,
Care United States Senate,
Washington, D. C.:
Warren County Farm Bureau urges no selective price control. If price control legislation is enacted it should apply to all commodities and wages.
EDWIN MAGEE, *President.*
Warren County Farm Bureau.

SCOTTSBURG, IND., *August 18, 1950.*
Senator CAPEHART,
Senate Office Building,
Washington, D. C.:
Our Scott County Farm Bureau unanimously favor price control, all commodities and wages, but no selective price control.
HAROLD CHRISTIE, *President,*
Scott County Farm Bureau.

INDIANAPOLIS, IND., *August 18, 1950.*
HOMER E. CAPEHART,
Senate Office Building, Washington, D. C.:
In re defense production bill, S. 3936, do not feel price ceiling necessary at this time. If price ceilings are to be imposed strongly urge you make it mandatory that price and wage controls be applied simultaneously straight across the board.
F. VERNE OSBORN,
Manager, Producers Marketing Association.

SWITZ CITY, IND., *August 18, 1950.*
SENATOR HOMER E. CAPEHART,
United States Senate, Washington, D. C.:
In event price controls are absolutely necessary we favor them to apply to all commodities and wages and not selective groups.
OWEN YORK,
President, Green County Farm Bureau, Inc.

RUSHVILLE, IND., *August 18, 1950.*
SENATOR HOMER E. CAPEHART,
Senate Office Building, Washington, D. C.:
Rush County Farm Bureau opposes defense production bill. In event price control they must not be selective, but should apply to commodities and wages.
GLEN A. RETHERFORD,
President, Rush County Farm Bureau.

WARRICK COUNTY FARM BUREAU, INC.,
Booneville, Ind., August 19, 1950.
Senator CAPEHART,
Washington, D. C.
HON. SENATOR CAPEHART: It is our opinion that in event this bill is passed price controls must not be selective but should apply to all commodities and wages.
Very truly yours,
H. ROLAND MOESNER,
Vice Chairman.

WARRICK COUNTY FARM BUREAU, INC.,
Booneville, Ind., August 19, 1950.
Senator CAPEHART,
Washington, D. C.
HON. SENATOR CAPEHART: It is our opinion that in event this bill is passed price controls must not be selective but should apply to all commodities and wages.
Very truly yours,
ALFRED WARNER,
Township Chairman.

WARRICK COUNTY FARM BUREAU, INC.,
Boonville, Ind., August 19, 1950.
Senator CAPEHART,
Washington, D. C.
HON. SENATOR CAPEHART: It is our opinion that in event this bill is passed price controls must not be selected but should apply to all commodities and wages.
Very truly yours,
LEO A. LUEBBEHUSEN,
Township Chairman.

WARRICK COUNTY FARM BUREAU, INC.,
Boonville, Ind., August 19, 1950.
Senator CAPEHART,
Washington, D. C.
HON. SENATOR CAPEHART: It is our opinion that in event this bill is passed price controls must not be selected but should apply to all commodities and wages.
Very truly yours,
HENRY MOESNER,
Township Chairman.

WARRICK COUNTY FARM BUREAU, INC.,
Boonville, Ind., August 19, 1950.
Senator CAPEHART,
Washington, D. C.
HON. SENATOR CAPEHART: It is our opinion that in event this bill is passed price controls must not be selected but should apply to all commodities and wages.
Very truly yours,
BERNARD WAGNER,
Township Chairman.

WARRICK COUNTY FARM BUREAU, INC.,
Boonville, Ind., August 19, 1950.
Senator CAPEHART,
Washington, D. C.
HON. SENATOR CAPEHART: It is our opinion that in event this bill is passed price controls must not be selected but should apply to all commodities and wages.
Very truly yours,
LOUIS ESCHE,
County Chairman.

WARRICK COUNTY FARM BUREAU, INC.,
Boonville, Ind., August 19, 1950.
Senator CAPEHART,
Washington, D. C.
HON. SENATOR CAPEHART: It is our opinion that in event this bill is passed price controls must not be selected but should apply to all commodities and wages.
Very truly yours,
LEROY FLEENER,
Township Chairman.

WARRICK COUNTY FARM BUREAU, INC.,
Boonville, Ind., August 19, 1950.
Senator CAPEHART,
Washington, D. C.
HON. SENATOR CAPEHART: It is our opinion that in event this bill is passed price controls must not be selected but should apply to all commodities and wages.
Very truly yours,
MRS. ARTHUR FISCHER.

WARRICK COUNTY FARM BUREAU, INC.,
Boonville, Ind., August 19, 1950.
Senator CAPEHART,
Washington, D. C.
HON. SENATOR CAPEHART: It is our opinion that in event this bill is passed price controls must not be selected but should apply to all commodities and wages.
Very truly yours,
OTTO MARKET,
General Insurance Agent.

WARRICK COUNTY FARM BUREAU, INC.,
Boonville, Ind., August 19, 1950.
Senator CAPEHART,
Washington, D. C.
HON. SENATOR CAPEHART: It is our opinion that in event this bill is passed price controls must not be selected but should apply to all commodities and wages.
Very truly yours,
EDWIN HEINSOHN,
Township Chairman.

WARRICK COUNTY FARM BUREAU, INC.,
Boonville, Ind., August 19, 1950.
Senator CAPEHART,
Washington, D. C.
HON. SENATOR CAPEHART: It is our opinion that in event this bill is passed price controls must not be selected but should apply to all commodities and wages.
Very truly yours,
VIRGIL GERHARDT,
Secretary-Treasurer.

WARRICK COUNTY FARM BUREAU, INC.,
Boonville, Ind., August 19, 1950.
Senator CAPEHART,
Washington, D. C.
HON. SENATOR CAPEHART: It is our opinion that in event this bill is passed price controls must not be selected but should apply to all commodities and wages.
Very truly yours,
EZRA EBRECHT,
Township Chairman.

Mr. SPARKMAN. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. In connection with the remarks the able Senator from Indiana has just made with reference to writing title IV into the bill, I suppose he would include title V, and the Senator would like to have the RECORD show, I am sure, that the Committee on Banking and Currency voted almost unanimously to include those title. In fact, as I recall, there was only one negative vote in the committee against including titles IV and V in the bill.

Mr. CAPEHART. Mr. President, I do not deny that what the Senator says is accurate, but I want the RECORD to show—and I have said it I do not know how many times on the floor of the Senate—that there were no public hearings held, and there were no witnesses before the committee, with respect to title IV,

under which the very lifeblood of the Nation will be controlled. That section covering wage and price controls and rationing, which takes the people by the throat and controls their very lives, was adopted, without any hearing. Then the bill comes to the floor of the Senate, and numerous amendments are offered which Senators themselves do not understand, and we are going to send that sort of a bill to the President of the United States.

Mr. President, I am not going to offer the amendments which I have prepared, and I withdraw the one I have just offered.

The VICE PRESIDENT. The Senator withdraws the amendment.

Mr. MAYBANK. Mr. President, I appreciate what the distinguished Senator from Indiana has said about title IV, but the Senator himself offered amendment after amendment in the committee to freeze prices and wages.

Mr. CAPEHART. Mr. President, I never once offered an amendment to freeze wages.

The VICE PRESIDENT. In the absence of an amendment, debate is out of order.

Mr. MAYBANK. I understood the Senator offered an amendment.

The VICE PRESIDENT. The Senator withdrew his amendment.

Mr. CAPEHART. I rise to a point of order, and ask that the Senator from South Carolina retract his statement that I ever offered an amendment to freeze wages.

Mr. MAYBANK. Prices and wages.

Mr. CAPEHART. I never offered an amendment to freeze prices and wages. I offered an amendment to freeze prices.

Mr. MAYBANK. Naturally, I construed it, as did the members of the committee, as an amendment to freeze prices and wages. I say, in justice to the Senator from Indiana, that I did not hear him say "freeze wages."

Mr. CAPEHART. Of course, I never said it. That is why the able Senator did not hear it.

Mr. MAYBANK. The Senator certainly suggested freezing prices, on several occasions.

Mr. CAPEHART. That is an entirely different matter. I still maintain that the Congress of the United States should pass such a law the very minute the Nation goes to war. It would automatically freeze all prices at all levels in the United States.

Mr. MAYBANK. It is not possible to freeze all prices at all levels without freezing all wages.

Mr. CAPEHART. That is the Senator's opinion. I think it can be done.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. TAFT. Mr. President, I move to strike out title V.

Mr. MAYBANK. Mr. President, I suggest the absence of a quorum, because we are about to vote on a very important amendment.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Aiken	Hoey	Maybank
Anderson	Holland	Millikin
Benton	Humphrey	Morse
Brewster	Hunt	Mundt
Bricker	Ives	Murray
Bridges	Jenner	Myers
Butler	Johnson, Colo.	O'Conor
Byrd	Johnson, Tex.	O'Mahoney
Capehart	Johnston, S. C.	Pepper
Chapman	Kefauver	Robertson
Chavez	Kem	Russell
Connally	Kerr	Saltonstall
Cordon	Kilgore	Schoeppel
Darby	Knowland	Smith, Maine
Donnell	Langer	Smith, N. J.
Douglas	Leahy	Sparkman
Dworshak	Lehman	Stennis
Ecton	Lodge	Taft
Ellender	Long	Thomas, Utah
Ferguson	Lucas	Thye
Frear	McCarran	Tobey
Fulbright	McCarthy	Tydings
George	McClellan	Watkins
Gillette	McFarland	Wherry
Graham	McKellar	Wiley
Green	McMahon	Williams
Hendrickson	Magnuson	Withers
Hickenlooper	Malone	Young
Hill	Martin	

The VICE PRESIDENT. A quorum is present. The Senator from Ohio [Mr. TAFT] is recognized for 5 minutes on his motion to strike out title V.

Mr. TAFT. Mr. President, frankly I do not know what title V means or why it is in the bill. First, section 501 provides:

> It is the intent of Congress, in order to provide for effective price and wage stabilization * * * that there be effective procedures for the settlement of labor disputes affecting national defense.

That is merely a statement of intention. That is what we have done already with all the procedures we have had in connection with the setting up of mediation boards, mediation commissioners, and the general methods provided in the Taft-Hartley law, even without this title. There are methods prescribed for the settlement of labor disputes. I cannot see what is meant unless it is wished to go further and impose compulsory arbitration. Does the language mean that?

Section 502 provides:

> The national policy shall be to place primary reliance upon the parties to any labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement in the national interest.

That is what the present law does. In fact that is what the present law says. It says that sound, stable peace can most satisfactorily be arrived at by the settlement of issues between employers and employees through the process of conference and collective bargaining.

This is language which is difficult to interpret and which seems to me to be exceedingly dangerous.

On page 58 we find the language:

> The President is authorized, after consultation with labor and management, to establish such principles and procedures and to take such action as he deems appropriate for the settlement of labor disputes affecting national defense.

What does that mean? Does it mean that the President can draft the men into the Army as he proposed some years ago? Or does it mean that he can impose compulsory arbitration on labor and management in the settlement of their disputes? What does it mean? What is the theory of the language:

> And to take such action as he deems appropriate for the settlement of labor disputes affecting national defense, including the designation of such persons, boards, or commissions as he may deem appropriate to carry out the provisions of this title.

We have set up a conciliation service. We have seen quite an effort on the part of the President to transfer that service to the Labor Department, to transfer the whole conciliation business to the Labor Department. That effort has been defeated by the Congress, I think, twice.

I read again:

> Including the designation of such persons, boards or commissions.

If the President is only going to fix wages he has full power under title IV to appoint commissions to fix wages, if that is what he is going to do. What are these commissions going to do that the Mediation and Conciliation Service cannot already do?

At the end of section 5 we find the following language:

> Any such action shall be consistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor-Management Relations Act, 1947, and with other applicable laws.

There are many things that can be done which are not inconsistent. That language prescribes one procedure. Under it, apparently, compulsory arbitration can be imposed, or apparently any other procedure that is desired can be adopted.

Mr. President, I never have seen such a wide open grant of authority. I may say that this title was in the House bill. It was stricken out by the House by a vote of nearly two to one after a debate on the subject which was of considerably greater length than we can hope to have here now.

Mr. BREWSTER. Mr. President, will the Senator yield for a question?

Mr. TAFT. I yield.

Mr. BREWSTER. As I understand, from what the Senator has said, title V either means something or it means nothing. If it means something no one knows what it means.

Mr. TAFT. Either it is a reaffirmation of the statutes we have, or it goes very much further and authorizes the President to impose practically any terms he wants to impose in the settlement of labor disputes. If it is desired to impose compulsory arbitration in time of war—and it is perfectly possible that such a desire exists—then it seems to me that purpose ought to be spelled out. But the language is completely ambiguous, and appears to me to have no possible justification for being placed in the bill.

Mr. MAYBANK. Mr. President, as chairman of the committee I will say I am opposed to any amendment striking out title V of the bill. Everyone will

recognize that it is imperative that we do everything necessary to prevent any interruption of national defense production by labor disputes. This title can have tremendous value as an expression of the intent of Congress that price and wage stabilization and maintenance of uninterrupted production may depend in large measure upon adequate provision for settlement of labor disputes affecting the national defense.

Under title V a board or commission similar to the National War Labor Board, which did much in promoting peaceful settlement of labor disputes during World War II, could be established by the President. This board could consult with labor and management, call a national labor management conference, and endeavor to obtain a voluntary no-strike-no-lockout pledge from labor and management, under which labor and management would voluntarily agree to submit their problems to a board or commission established by the President after consultation with labor and management.

It will be observed that the title requests the President to consult with labor and management in establishing principles and procedures under these provisions and requires that any action taken will be consistent with the Fair Labor Standards Act of 1938, the Labor Management Relations Act, 1947, and other applicable laws.

There has been some question raised respecting the Taft-Hartley law. The subject was raised in the committee, of which the Senator from Ohio is not a member. I want it to be clearly understood that the committee had in mind that the title requests the President to consult with labor and management in establishing principles and procedures under these provisions and requires that any action taken must be consistent with the Fair Labor Standards Act of 1938, the Labor-Management Relations Act, 1947, and other applicable laws. It will also be observed that this title gives the President no legal or compulsory authority over labor or management.

I make reference further along in the statement to the fact that the members of the committee heard Mr. Cyrus S. Ching in executive session on August 14, 1950. I have a letter from Mr. Ching, Director, Federal Mediation and Conciliation Service, from which I wish to read as follows:

DEAR SENATOR MAYBANK: Previously, I submitted a memorandum on title IV of Senate bill S. 3936 which expresses my ideas on the necessity of voluntary action on the part of labor and industry in the setting up of a board for the settlement of labor disputes in a wartime emergency. Title V of the same bill declares the intent of Congress to provide effective procedures for the settlement of labor disputes affecting national defense.

I appreciate that my time is short. How much time have I left, Mr. President?

The VICE PRESIDENT. Two minutes.

Mr. MAYBANK. I have not read all of Mr. Ching's letter. I yield now 1 minute to the Senator from New York [Mr. IVES], who attended the executive session when Mr. Ching appeared, and then I will yield 1 minute to the Senator from Alabama [Mr. SPARKMAN].

Mr. IVES. Mr. President, I think it would have been very well if the Senator from South Carolina had placed the entire letter from Mr. Ching in the RECORD. I will read the remainder of the letter which the Senator did not read, as follows:

The same title authorizes the President, after consultation with labor and management, to establish such principles and procedures and to take such action as he deems appropriate for the settlement of labor disputes affecting national defense, including the designation of such persons, boards, or commissions as he may deem appropriate to carry out the provisions of this title. In my opinion, this language provides a sufficient degree of flexibility to enable the President to establish such machinery as the representatives of labor and management may agree upon for the settlement of their mutual problems during a period of national defense.

In order to insure the full support of both labor and management in the defense effort, it is essential that they participate in the formulation of the policy and procedures and agree upon the type of organization to be established to carry out that policy. Any attempt to impose any rigid requirements by law as to the type of machinery so set up would defeat the purpose. Again I emphasize the importance of having the highest degree of flexibility possible in this legislation until the time comes when it is deemed necessary to proceed in setting up an emergency board.

Sincerely yours,

CYRUS S. CHING,
Director, Federal Mediation and Conciliation Service.

Mr. Ching stands highest in this country in this particular field, and in this matter I take his word above that of all others. If he feels that this part of the bill is necessary—and I know he does—certainly I feel that title V should be preserved in the bill.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. ROBERTSON. We discussed this question fully in the committee. The arrangement proposed is a voluntary one, on the order of the arrangment used in the case of the War Labor Board. Under this proposal, management and labor can get together, agree to a machinery, boards, and so forth, as a means of settling disputes and strikes.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield.

Mr. TAFT. What would be voluntary about the President's right to establish principles and procedures and to take such action as he might deem to be appropriate?

Mr. ROBERTSON. The whole concept under title V is that there is not to be compulsion. It has been said that this provision of the bill might be used to repeal the Taft-Hartley Act, but such a belief is very erroneous.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Ohio.

Mr. TAFT and other Senators asked for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Arizona [Mr. HAYDEN], and the Senator from West Virginia [Mr. NEELY] are absent on public business.

The Senator from Idaho [Mr. TAYLOR] and the Senator from Oklahoma [Mr. THOMAS] are necessarily absent.

I announce further that if present and voting, the Senator from California [Mr. DOWNEY], the Senator from Arizona [Mr. HAYDEN], and the Senator from West Virginia [Mr. NEELY] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Washington [Mr. CAIN] and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from Vermont [Mr. FLANDERS] and the Senator from South Dakota [Mr. GURNEY] are detained on official business.

The result was announced—yeas 29, nays 57, as follows:

YEAS—29

Brewster	Ecton	Saltonstall
Bricker	Ferguson	Schoeppel
Bridges	Hickenlooper	Smith, N. J.
Butler	Jenner	Taft
Byrd	Kem	Thye
Capehart	McCarthy	Watkins
Cordon	Malone	Wherry
Darby	Martin	Wiley
Donnell	Millikin	Williams
Dworshak	Mundt	

NAYS—57

Aiken	Hunt	McMahon
Anderson	Ives	Magnuson
Benton	Johnson, Colo.	Maybank
Chapman	Johnson, Tex.	Morse
Chavez	Johnston, S. C.	Murray
Connally	Kefauver	Myers
Douglas	Kerr	O'Conor
Ellender	Kilgore	O'Mahoney
Frear	Knowland	Pepper
Fulbright	Langer	Robertson
George	Leahy	Russell
Gillette	Lehman	Smith, Maine
Graham	Lodge	Sparkman
Green	Long	Stennis
Hendrickson	Lucas	Thomas, Utah
Hill	McCarran	Tobey
Hoey	McClellan	Tydings
Holland	McFarland	Withers
Humphrey	McKellar	Young

NOT VOTING—10

Cain	Gurney	Thomas, Okla.
Downey	Hayden	Vandenberg
Eastland	Neely	
Flanders	Taylor	

So Mr. TAFT's amendment was rejected.

The VICE PRESIDENT. The question is on the committee amendment, as amended.

The amendment was agreed to.

The VICE PRESIDENT. The bill is open to further amendment. If there be no further amendment to be offered, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. TOBEY. Mr. President, I wish to offer an amendment.

The VICE PRESIDENT. The Chair advises the Senator from New Hampshire that it is now too late to offer an amendment.

MOTION TO RECOMMIT THE BILL

Mr. MALONE. Mr. President, I move that the bill be recommitted.

The VICE PRESIDENT. The Senator from Nevada moves that the bill be recommitted.

Mr. MALONE. Mr. President, do I have the floor?

The VICE PRESIDENT. The Senator from Nevada is recognized for 5 minutes.

Mr. MALONE. That will be ample time.

Mr. TOBEY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from New Hampshire?

Mr. MALONE. For what purpose?

Mr. TOBEY. I merely wish to offer a very brief amendment.

Mr. MALONE. I do not yield for that purpose, since I am moving to recommit the bill itself.

The VICE PRESIDENT. The Senator declines to yield.

PUBLIC DISTURBED

Mr. MALONE. Mr. President, many of us are disturbed about this situation of rushing into controls, a public straitjacket before any international policy has been announced or adopted by the President of the United States, and especially we are disturbed about the type of administration to which we are giving full control of a bewildered and confused public. Many of us voted for economy in government, but we have never had any success with the administration in paring down the taxes during a peacetime economy.

There is little integrity in government—under the present administration—and public confidence is severely shaken.

Congress is within 24 hours of the Capitol at all times, therefore should retain its last vestige of control over the economy of this Nation.

In the opinion of the junior Senator from Nevada, in order to show good faith, the first thing to be done would be for the President to remove the security risks from the Government—at least to remove the ones responsible for our present position in world affairs.

SENATOR BYRD AND KOREA

If a genuine cooperative effort is desired, it would be very helpful for the administration to show themselves cooperative and open to debate on the Senate floor. This they have never done—it must conform to the State Department program.

I wish to call attention to the fact that the distinguished senior Senator from Virginia has said that if Russia declares war, we shall abandon Korea. We are fighting a battle to regain an area once relinquished, and which would be abandoned at the first sign of opposition from Russia—that is what the American boys are dying for in Korea according to that authentic information, without taking the time of the Senate to read the dispatch, I ask unanimous consent to have it inserted at this point in the RECORD.

Mr. LUCAS. Mr. President, reserving the right to object——

Mr. MALONE. I trust the Senator is speaking on his own time.

Mr. LUCAS. Reserving the right to object, I do not know how much material the Senator proposes to place in the RECORD, but it looks quite formidable.

Mr. MALONE. I expect that some of it is going to be very illuminating, considering the lack of any coherent foreign policy by the administration.

Mr. LUCAS. Whatever the Senator puts in the RECORD is illuminating.

Mr. MALONE. I shall read it, if the Senator desires me to do so. But the time is limited.

Mr. LUCAS. I am not going to object, but we have a habit here of putting everything in the RECORD, it does not make much difference what it is.

Mr. MALONE. The senior Senator from Virginia is the father of most of this dispatch, and to me, has stature in the Senate which is very gratifying to the junior Senator from Nevada.

Mr. President, may I have an extra moment on account of the interruption?

The VICE PRESIDENT. The Senator cannot have an extra moment, except by unanimous consent.

Mr. WHERRY. I ask unanimous consent that the Senator from Nevada be given another minute.

The VICE PRESIDENT. The Senator from Nevada still has some time left.

Mr. LUCAS. I ask unanimous consent that the Senator from Nevada may have 2 minutes more.

Mr. MALONE. Mr. President, do I have permission to submit this material and place it in the RECORD?

The VICE PRESIDENT. So far as the Chair is concerned, the Senator has permission. Without objection, he may proceed.

Mr. MALONE. I ask unanimous consent to have inserted in the RECORD at this point an editorial entitled "The Goal in Korea" from the Times-Herald of August 21, which states, in part:

In stating before the United Nations Security Council that any settlement in the war must envision a free and united Korea, Warren R. Austin, the American delegate, made it plain that the goal of American forces is to drive to Korea's northern border, behind which stand Red China and Russia.

Mr. President, I ask unanimous consent to have the editorial appear in the RECORD at this point as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE GOAL IN KOREA

In stating before the United Nations Security Council that any settlement in the war must envision a free and united Korea, Warren R. Austin, the American delegate, made it plain that the goal of American forces is to drive to Korea's northern border, behind which stand Red China and Russia. Mr. Austin didn't say that in so many words, but the implication was clear.

Before the invasion of the Republic of South Korea by the Communist north, the country had been split at the thirty-eighth parallel, and it hitherto had been the understanding, given out by both Mr. Truman and UN, that American military action would be confined to driving the Reds back over that line. In fact, the UN resolutions on the subject convey the impression that if pursuit extended beyond the thirty-eighth parallel that would be no less an act of aggression than the original invasion.

Mr. Austin, instead of making a positive declaration of intention, cast his statement in speculative and tentative form by suggesting certain questions to which UN must find answers. But he went on to say that Korea could not exist half slave and half free, or even one-third slave and two-thirds free. The only way to eradicate the slavery is, of course, by the military eradication of the North Korea Communist regime.

The effects of this policy are:

1. The United States has laid out a course of action which exceeds, and to that degree is in conflict with, the declared policy of UN to that extent, the United States has reduced to a farce the fiction of action by international agreement, as well as the whole concept of "collective security."

2. The military task confronting the United States (nominally UN, for American forces are supposed to be acting for UN) has been greatly enlarged. A limited assignment has been transformed into an all-out job of clearing the whole country. The cost in lives and dollars will rise.

3. But, even if this task is accomplished, the hazards confronting the United States will hardly be diminished. Rather, it is highly likely that they will be enlarged. On the northern border of Korea—if our forces get there—we shall be face to face with the hordes of Russia and Red China. This new line will be more explosively dangerous than the thirty-eighth parallel ever was. Will Russia tolerate American forces only 50 miles from its naval base at Vladivostok? Will Russia and Chinese Communists accept with equanimity the presence of American forces on their frontier?

Korea, like the Chinese box, which, when opened, presents still another box, and another, and another, confronts the United States with an endless series of problems and of risks. Mr. Austin's declaration opens up a prospect the end of which cannot be foreseen. Mr. Truman's original decision committing American forces to the war in Korea was a snap decision, hastily improvised. The Administration continues to improvise.

Let us all hope that, in feeling their way from one unknown to another, the improvisors do not cause the Nation to fall into another great war.

Mr. MALONE. Mr. President, I ask unanimous consent to insert in the RECORD at this point the statement by Senator BYRD, of Virginia, on the Korea situation.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

BYRD SAYS UNITED STATES WOULD PULL OUT OF KOREA IF RUSSIA DECLARES WAR—SENATOR ASSERTS HE HAS SEEN PLANS FOR MOVE; AVERS PENINSULA HAS NO MILITARY VALUE

(By Robert C. Rollings)

If Russia declares war on the United States our troops will evacuate Korea because it has no military value, Senator BYRD, Democrat, of Virginia, told the Virginia American Legion convention in Alexandria today.

Senator BYRD said he has seen plans prepared for this eventuality and did not think he was revealing any secrets in making his statement.

Senator BYRD said the Korean fighting has done nothing to settle the situation that confronts us.

He said the war may develop into side-line wars and that the country is faced with dangerous inflation at home. He charged that Congress is mystified by the complete breakdown of the United States intelligence.

"I say to you the intelligence service of our Government should be completely reorganized," Senator BYRD asserted.

His remark brought loud applause from the several hundred Legionnaires assembled in the Virginia Theater.

Senator BYRD termed the intelligence service the "first basis of our defense."

He said the war Russia is conducting against America is a war of economic attrition. He said a dozen side-line wars may occur without Russia showing her hand.

"She need not fire a Russian gun or lose a Russian soldier," he asserted.

"We have committed ourselves to these side-line wars."

SHOULD CONSERVE STRENGTH

Declaring the time is coming when the democratic people of the world must fight those who believe in totalitarian government, he said that when that time arrives we must be strong. We must not let our resources be depleted in preliminary skirmishes, he said.

"The Korean situation has opened up the whole question of attempting to arm small nations all over the world, when we have no knowledge, no confidence that they will fight when the time comes."

Senator BYRD declared he does not believe the European nations can withstand a Russian invasion.

"To my way of thinking, the only way to stop Russia's march over Europe, when it starts, is to keep in Europe from 3,000,000 to 5,000,000 American soldiers."

ASKS IF UNITED STATES IS WILLING

A round of applause followed this statement, and then Senator BYRD asked:

"Are the American people willing for an indefinite period to keep that large a standing army outside our continent?"

He termed the situation in Formosa critical and said six weeks ago the United States decided it would stay out but now it has changed its stand and has said it will fight the Chinese Communists if they attack Formosa.

He said in this event the United States might find itself in the position of having as an enemy a nation which had been recognized by the United Nations. He pointed out that the UN is divided on recognizing Communist China.

Senator BYRD's statement that fiscal solvency is the very foundation of national security drew applause. He said he had never advocated economy, however, at the expense of defense.

Senator BYRD charged that 60 percent of the draftees are rejected, about half of them for physical reasons.

He said "many of our boys are going to the Korean fighting without any training."

WOULD CURB REDS AT HOME

"If we are going to fight communism abroad, why don't we fight it at home?" Senator BYRD asked.

He declared 375 employees have been dismissed from the armed services for security reasons, and that 106 have been permitted to resign.

At this point a member of the audience shouted, "Lock 'em up, Mr. Senator, lock 'em up."

"I would do it if I could," the Senator replied.

"The Korean war will be a long- drawn-out affair," Assistant Defense Secretary Paul Griffith warned today.

Mr. Griffith said "the United States has sufficient men and equipment on the way to Korea to do the job, but this accomplishment will not come today, tomorrow, or next week."

Declaring the United States can expect a similar incident anywhere else in the world, Mr. Griffith said the Korean fighting "may be just the beginning of a series."

He defended Secretary Johnson's conduct of the Department and assured the Legionnaires "our defenses are in good hands."

"Nothing has happened in the Korean affair to indicate we would not be able to ward off an attack by any enemy," Mr. Griffith asserted.

AMERICAN LEGION SAYS IMPEACH ACHESON

Mr. MALONE. I also ask unanimous consent to insert in the RECORD at this point in my remarks a dispatch from Kingman, Ariz., by Associated Press, dated August 12, under the headline "Arizona Legion meet demands ouster of Secretary of State Acheson," to show the public opinion of the administration to which we are giving absolute power over the American public. This demand was made through an official resolution adopted in their department's convention, that the congressional delegation work on the immediate dismissal of Secretary of State Dean Acheson, and, if necessary, his impeachment.

I ask unanimous consent to have that dispatch printed in the RECORD at this point as part of my remarks.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

ARIZONA LEGION MEET DEMANDS OUSTER OF SECRETARY OF STATE ACHESON

KINGMAN, ARIZ., August 12.—Arizona's Legionnaires demanded today the Arizona congressional delegation work for the immediate dismissal of Secretary of State Dean Acheson or if necessary his impeachment.

Delegates to Arizona's thirty-second annual Legion convention told United States Senator ERNEST W. MCFARLAND, Democrat of Arizona, and Representative HAROLD PATTEN, Democrat, of Arizona, to go back to Washington and press for impeachment if Acheson is not dismissed.

The action, unparalleled in Arizona Legion history, came late last night after MCFARLAND in a speech to more than 500 delegates stressed the need for forgetting our past mistakes in international diplomatic relations with Russia and other countries and concentrating on the immediate future.

At the conclusion of MCFARLAND's talk, Ed Gibbons, Los Angeles, editor of the anti-Communist publication Alert, and California State Senator Jack Tenney, who formally headed that State's un-American activities committee, called for the immediate dismissal of Acheson.

At this point the delegates jumped to their feet and shouted their approval of Gibbons' and Tenney's remarks.

Mr. MALONE. Mr. President, the California Department of the American Legion has adopted a resolution, which amounts to practically the same as what I have just said with reference to the Arizona Legion.

This resolution by the California department also demands the removal of Mr. Acheson even if it is necessary to impeach him.

I ask unanimous consent to have this dispatch printed in the RECORD, at this point in my remarks.

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

CALIFORNIA LEGION DEMANDS ACHESON OUSTER, BY IMPEACHMENT IF NECESSARY

SACRAMENTO, August 15.—The California Department of the American Legion called today for the ouster of Secretary of State Dean Acheson—by impeachment, if necessary—and also:

1. Outlawing the Communist Party in the United States.

2. Withdrawal of United States recognition of Soviet Russia.

3. Expulsion of Russia and her satellites from the United Nations.

The actions came in a series of resolutions adopted by the Legion's State convention.

The delegates yesterday heard two well-known retired military figures warn that the Nation faces grave peril from within and without.

Retired Admiral William H. Standley, wartime Ambassador to Russia, compared Korea to Pearl Harbor which he said was the result of our failure to keep our military readiness in step with our foreign policy.

POWERFUL ENEMY

Lt. Gen. Ira C. Eaker, retired commander of the Eighth Air Force, said we have the most powerful enemy that we have ever had. He warned against a fifth column more powerful than that which existed in Czechoslovakia before that nation turned Communist.

"It's time to call a spade a spade, a Communist a Communist, and a traitor a traitor," Eaker said.

Admiral Standley again expressed his belief that we will not have a shooting war with Russia unless we initiate it. He said he believes Russia feels she is accomplishing her ends without engaging in a shooting war.

FEARS INFLATION

He criticized deficit financing which he said is leading to inflation and depression just as the Russians wish.

"As I view our administration," he declared, "the party in power is no different, as to purpose, than the communistic party in Moscow. They are both making every effort to perpetuate control of the Government by their party. The difference is in method only."

Standley said the practice of appointing special ambassadors and representatives responsible to the President is undermining the regular Foreign Service of the United States.

"It is no wonder," he said, "that the President vacillates and frequently reverses himself on foreign policy and it is a wonder that any Secretary of State will continue to serve under those conditions."

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LUCAS. Is this going into the body of the RECORD, or into the Appendix?

Mr. MALONE. In the body of the RECORD.

The VICE PRESIDENT. The Senator asked unanimous consent that it be placed in the body of the RECORD, and, without objection, it has been ordered to be printed in the body of the RECORD.

Mr. LUCAS. I am going to object to all these things going into the body of the RECORD.

Mr. MALONE. It has already been ordered printed in the body of the RECORD; does the Senator desire to bring it up on a motion, to remove it from the RECORD?

Mr. LUCAS. Go right ahead.

Mr. MALONE. Now, Mr. President, I wish to say also that for 25 years the American Legion has been trying to secure universal military training. I joined with the distinguished Senator on the opposite side of the aisle in introducing a universal military-training bill in February 1948.

The VICE PRESIDENT. The Senator's time has expired.

UNIVERSAL MILITARY TRAINING

Mr. MALONE. I ask to have these two dispatches appear as part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The two dispatches which were ordered to be printed in the RECORD, are as follows:

VETS BACK UMT PLEA

Veterans' organizations here were quick to give their support today to the Truman administration's demand for universal military training.

Maurice Stember, State adjutant of the American Legion, declared:

"The matter should be given top priority on the legislative program of Congress. It is vitally necessary.

"The American Legion feels that universal military training is particularly needed now.

"We sent raw, untrained men into war. Had UMT been enacted years ago when we recommended it, those men would have been trained."

Stember pointed out that the Legion advocated UMT "practically since we were organized."

A spokesman for the Catholic War Veterans called attention to the testimony in favor of universal military training given by CWV members at congressional hearings.

It was understood that policy statements on UMT were in preparation by other organizations of veterans.

HARRY FUTS DAMPER ON UMT DRIVE

WASHINGTON, D. C., August 17.—President Truman today told a press conference he is fully back of a universal military training law but he won't press this controversial issue personally at this session of Congress. He indicated he is far more interested in other parts of his emergency program to meet the Korean emergency.

The President thus backed away from the UMT drive some 2 hours after Chairman MILLARD TYDINGS, Democrat of Maryland of the Senate Armed Services Committee introduced the administration bill requiring a year's service for 17-year-olds. TYDINGS made the pitch for immediate passage of the UMT law on a stand-by basis in an impassioned 2-hour speech.

VERY CONTROVERSIAL

The Senator warned his colleagues: "It is my candid belief that the countries of western Europe are far from the military efficiency required for them to discharge their job in our dual undertaking. In my judgment we may have to consider strengthening the ground forces in western Europe."

The bill proposed by TYDINGS was sent to him yesterday by Defense Secretary Louis Johnson, who said he was acting with full approval of the White House.

Truman told the press conference that while he has consistently advocated UMT since 1945, he had not requested enactment of the bill at the current session of Congress because he did not want to project himself into what he considered a very controversial issue. He wants other emergency legislation passed quickly, Truman said, and he saw no reason to clutter up Congress with the UMT deal.

MATTER OF SURVIVAL

There was no explanation for his okay to Johnson to ask for immediate enactment of the law.

Mr. MALONE. Mr. President, if the administration had not stopped the enactment of the universal training bill early in 1949, then we might not be murdering green American troops in Korea now.

I thank the Chair for his consideration. I assume that the motion to recommit is before the Senate.

The VICE PRESIDENT. It is. The Senator from South Carolina has 5 minutes.

Mr. LUCAS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Illinois?

Mr. MAYBANK. I yield.

Mr. LUCAS. I ask unanimous consent that, following the remarks made by the Senator from Nevada, there be incorporated in the body of the RECORD an editorial from the Wall Street Journal, as of this date, under the title, "A Party Bankrupt."

Mr. MALONE. Reserving the right to object, is this a request to place the editorial in the body of the RECORD or in the Appendix?

The VICE PRESIDENT. The Senator from South Carolina yielded to the Senator from Illinois to make a unanimous-consent request.

Mr. MALONE. Reserving the right to object, is this a request to place an article in the body of the RECORD?

The VICE PRESIDENT. It is a request that it go in the body of the RECORD.

Mr. MALONE. I object.

Mr. LUCAS. Mr. President, I can read it within the 5 minutes, if the Senator will yield.

Mr. MAYBANK. I yield.

Mr. LUCAS. The editorial reads as follows:

A PARTY BANKRUPT

Within a short time there will be passed by Congress a bill to give President Truman wide powers over production and trade; powers as great as those which Washington attempted to exercise in World War II.

There is hope and some possibility that President Truman will not have to exercise those powers and that he will be wise enough to refrain from doing so.

But the prospects are that the mere existence of the powers will result in their use, that the anticipation of their use will create the dislocations that the controls are supposed to remedy. Probably few will be used at first, but the first use will lead to others, and there will be repeated the very thing against which the American people finally rebelled in 1946.

When that happens we will no doubt have a group of Republicans smugly pointing a finger at the Democratic administration and saying that it was all the administration's fault; we had such a spectacle the other day when Republicans condemned foreign policy for which they were partly responsible.

At such time it will be our pleasure to point out where lies the responsibility for the chaos. Without Republican support and inspiration controls could not be enacted. Partly because they sought to use a war situation to gain a political advantage, partly because they were in panic, the Republicans plumped for this business before any need was apparent, and as the need grows more remote the Republicans can find no way to retreat.

On the other hand, it may be merely academic to put the blame where it belongs. By the time the situation which we foresee develops, it is not improbable that the Republican Party will be speeding toward oblivion so fast that it will be charitable to withhold another kick.

The Republican Party has no program; despite the valiant efforts of a few men, among whom Senator TAFT is outstanding; it can do nothing but improvise from day to day. That is bad enough. What is worse is that its representation in Congress lacks the intelligence and character to distinguish between expediency and principle.

It can do nothing but dig holes from which it cannot extricate itself.

Mr. BRICKER. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. The Senator from South Carolina has the floor.

Mr. MAYBANK. Mr. President, how much time have I remaining?

The VICE PRESIDENT. Two minutes.

Mr. BRICKER. Mr. President, will the Senator from Illinois yield?

The VICE PRESIDENT. The Senator from Illinois does not have the floor. The Senator from South Carolina has the floor.

Mr. MALONE. Mr. President, a point of order. Mr. President, to keep the record straight—I so thoroughly disagree with the entire philosophy of the senior Senator from Illinois that there is no room for compromise or agreement. There is little integrity left in our Government—the public must be the judge.

The VICE PRESIDENT. The Senator from South Carolina has the floor, unless he yields.

Mr. MAYBANK. I do not intend to yield, Mr. President.

Mr. MALONE. Mr. President, how long do 5 minutes last?

The VICE PRESIDENT. Five minutes.

Mr. MAYBANK. Mr. President, I shall not ask to have two more minutes. That much time was granted by unanimous consent to my good friend from Nevada. I hope this bill will not be recommitted. We have labored long and have done the best we could. Some persons think we have done a poor job in not having granted more powers, and some other persons seem to think that we have done a bad job by providing too big a bill for the President. I have faith in the President of the United States and the Commander in Chief of our Armed Forces——

Mr. MALONE. Mr. President, will the Senator yield?

Mr. MAYBANK. I refuse to yield. I have only one and a half minutes' time remaining.

The VICE PRESIDENT. The Senator does not have that much time now.

Mr. MAYBANK. How much time do I have, Mr. President?

The VICE PRESIDENT. Half a minute.

Mr. MAYBANK. I hope we can have a final vote on the bill so that we may take a recess and be prepared tomorrow to consider the public-roads bill.

The VICE PRESIDENT. The Senator's time has expired. All time has expired on the motion.

Mr. TOBEY. Mr. President——

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. MALONE. Mr. President——

The VICE PRESIDENT. The Chair is addressing the Senator from New Hampshire.

Mr. TOBEY. Mr. President, I do not ask the indulgence and kindness of the

Senate, because I think that what I shall have to say will find a responsive chord.

The VICE PRESIDENT. The committee amendment has already been agreed to and no other amendment is in order. The motion before the Senate is that the vote by which the amendment was agreed to be reconsidered.

Mr. TOBEY. Mr. President, I ask unanimous consent to be given 2 minutes' time.

Mr. LUCAS. Mr. President, I hope that time will be granted the Senator.

Mr. MAYBANK. Mr. President, so far as I am concerned, I trust the Senator from New Hampshire, the ranking Republican member of the Banking and Currency Committee, may have 2 minutes.

The VICE PRESIDENT. Regardless of the fact that the Senate has agreed to the Senate committee amendment, the Senator from New Hampshire asks unanimous consent to offer an amendment and that he be granted 2 minutes' time to speak upon it. Is there objection? The Chair hears none.

Mr. TOBEY. Mr. President, I offer the following amendment:

Beginning on page 64 with line 3, strike out through page 65, line 2, and insert the following:

"SEC. 605. To assist in carrying out the objectives of this act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers the President shall preserve the relative credit preferences accorded veterans under existing law."

I am referring to the specific directive to the President in the proviso at the end of section 502 of the Defense Production Act of 1950 as passed by the House on August 10. This proviso directs the President to preserve the relative credit preferences accorded to veterans under existing law.

In Senate bill 3936, at the bottom of page 64, we find at the end of section 605 a proviso which is permissive instead of mandatory.

Also of value in considering a mandatory directive to the President is a survey of the relationship of the GI loan program to the total residential-construction program as made by the Veterans' Administration. The figures in this survey are provided in the CONGRESSIONAL RECORD of August 10, page 12418. The table appearing at the bottom of the first column of that page shows that the percent of private residential building financed with GI loans amounted to only 19.1 percent of the total private residential construction in the United States for the 6 months ending May 1950. The table also shows that the GI home-financing program was only 8.3 percent of the total new construction of the country during those six months.

These figures should be ample evidence that the preservation of the credit preferences of veterans would not be any undue burden at this time because the GI loan program is such a relatively small part of the whole. The credit controls contemplated in both the Senate and House bills could be imposed in an adequate and practical fashion regardless of the preservation of the relative credit preferences accorded to veterans under existing law.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. TOBEY. I yield.

Mr. MAYBANK. Mr. President, at this late hour, bringing up an amendment of that kind might precipitate some debate. The bill will be in conference, and of course the senior Senator from New Hampshire will be one of the conferees. As chairman of the committee I want to say that I shall join him in trying to bring out the House version, but I hope the Senator does not press his amendment at this late hour.

Mr. TOBEY. I thank the Senator for his indulgence, and we shall join, hand in hand, and put this thing through.

Mr. MAYBANK. The Senator is correct.

Mr. TOBEY. It is a trade.

Mr. MAYBANK. It is always a pleasure to trade with the Senator from New Hampshire.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Nevada to recommit the bill to the Committee on Banking and Currency.

The motion was rejected.

The VICE PRESIDENT. The question is now on the third reading of the bill.

Mr. MAYBANK. Mr. President, I move that the Senate proceed to the consideration of House bill 9176.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Mr. MAYBANK. Mr. President, I move that the House bill be amended by striking out all after the enacting clause and inserting the Senate bill, as amended.

The motion was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question is on the final passage of the bill.

Mr. MAYBANK and other Senators requested the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY] is necessarily absent.

The Senator from Mississippi [Mr. EASTLAND], the Senator from Arizona [Mr. HAYDEN], and the Senator from West Virginia [Mr. NEELY] are absent on public business.

The Senator from Oklahoma [Mr. THOMAS] is necessarily absent.

I announce further that if present and voting the Senator from California [Mr. DOWNEY], the Senator from Mississippi [Mr. EASTLAND], the Senator from Arizona [Mr. HAYDEN], the Senator from West Virginia [Mr. NEELY], and the Senator from Oklahoma [Mr. THOMAS] would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Washington [Mr. CAIN] and the Senator from Michigan [Mr. VANDENBERG] are absent by leave of the Senate.

The Senator from Vermont [Mr. FLANDERS] is detained on official business and if he were present he would vote "yea."

The result was announced—yeas 85, nays 3, as follows:

YEAS—85

Aiken	Hoey	Millikin
Anderson	Holland	Morse
Benton	Humphrey	Mundt
Brewster	Hunt	Murray
Bricker	Ives	Myers
Bridges	Jenner	O'Conor
Butler	Johnson, Colo.	O'Mahoney
Byrd	Johnson, Tex.	Pepper
Capehart	Johnston, S. C.	Robertson
Chapman	Kefauver	Russell
Chavez	Kem	Saltonstall
Connally	Kerr	Schoeppel
Cordon	Kilgore	Smith, Maine
Darby	Knowland	Smith, N. J.
Donnell	Langer	Sparkman
Douglas	Leahy	Stennis
Dworshak	Lehman	Taft
Ellender	Lodge	Taylor
Ferguson	Long	Thomas, Utah
Frear	Lucas	Thye
Fulbright	McCarran	Tobey
George	McCarthy	Tydings
Gillette	McClellan	Watkins
Graham	McFarland	Wherry
Green	McKellar	Wiley
Gurney	McMahon	Withers
Hendrickson	Magnuson	Young
Hickenlooper	Martin	
Hill	Maybank	

NAYS—3

Ecton	Malone	Williams

NOT VOTING—8

Cain	Flanders	Thomas, Okla.
Downey	Hayden	Vandenberg
Eastland	Neely	

So the bill (H. R. 9176) was passed.

The VICE PRESIDENT. Without objection, Senate bill 3936 is indefinitely postponed.

Mr. MAYBANK. I move that the Senate insist upon its amendment, ask for a conference with the House thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. MAYBANK, Mr. TAYLOR, Mr. FULBRIGHT, Mr. ROBERTSON, Mr. SPARKMAN, Mr. TOBEY, Mr. CAPEHART, Mr. FLANDERS, and Mr. BRICKER conferees on the part of the Senate.

Mr. MAYBANK. I ask that the bill be printed with the amendments of the Senate numbered.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MAYBANK. I ask that the clerk be permitted to make the necessary changes of a technical and clerical character.

The VICE PRESIDENT. Without objection, it is so ordered.

BUDGET AND ACCOUNTING PROCEDURES ACT OF 1950—CHANGE IN CONFEREE

The VICE PRESIDENT. At the request and suggestion of the Senator from Arkansas [Mr. McCLELLAN], the chairman of the Committee on Expenditures in the Executive Departments, the Chair appoints as a conferee on the part of the Senate the Senator from Kansas [Mr. SCHOEPPEL] in place of the Senator from Wisconsin [Mr. McCARTHY] on the bill (H. R. 9038) to authorize the President to determine the form of the national budget and of departmental estimates, to modernize and simplify governmental accounting and auditing methods and procedures, and for other purposes.

AMENDMENT OF WAR CONTRACTORS RELIEF ACT RELATING TO CERTAIN HARDSHIP CLAIMS—VETO MESSAGE (S. DOC. NO. 203)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and with the accompanying bill, referred to the Committee on the Judiciary, and ordered to be printed:

To the United States Senate:

I return herewith, without my approval, S. 3906, to amend the War Contractors Relief Act with respect to the definition of a request for relief, to authorize consideration and settlement of certain claims of subcontractors, to provide reasonable compensation for the services of partners and proprietors, and for other purposes.

S. 3906 was passed as a substitute for H. R. 3436, Eighty-first Congress, which I was compelled to disapprove on June 30, 1950. It is said that the bill meets the objections I interposed to H. R. 3436. I regret to inform the Congress that it does not.

When the provisions of this bill are read in the light of the statements respecting their purpose which appear in the committee reports (S. Rept. No. 2052, H. Rept. No. 2782) and also in the RECORD (96 CONGRESSIONAL RECORD 10124, 11224). I think it clear that they serve to transform the War Contractors Relief Act into a general statute of indemnification against loss on Government contracts held during the war years, and do not merely obviate what the Congress regards as "technicalities" that have arisen in the course of administering the act. It was this same undesirable purpose that mainly prompted my disapproval of H. R. 3436.

While it is evident that an attempt has been made to adopt certain of the clarifying amendments to the War Contractors Relief Act which I suggested, it is likewise evident that no attempt has been made to limit their scope to claims or requests for relief that would have been granted under the First War Powers Act of 1941 but for the termination of hostilities with Japan on August 14, 1945. Indeed, the committee reports negative the possibility of any such restricted interpretation of the amendments. The bill, moreover, would not preclude the reopening of an indeterminate number of cases that have been settled under the First War Powers Act or the Contract Settlement Act of 1944.

In the absence of these limitations, the provisions of the present measure and their legislative background are quite sufficient to accomplish what I consider to be a total departure from the intent and scope of the War Contractors Relief Act. I refer particularly to the proposed "definition of a request for relief" in paragraph (2), which greatly relaxes the existing requirement that claims be founded upon a specific application for the extraordinary relief which was allowable under the First War Powers Act, and to the similar language in paragraph (3) relating to the claims of subcontractors.

It was not the purpose of the First War Powers Act to relieve contractors because of loss, or to indemnify them against loss. On the contrary, that act authorized the granting of relief because it would assist in obtaining needed war production and thereby "would facilitate the prosecution of the war." In my opinion, the sole objective of the War Contractors Relief Act was to afford a basis for the continued processing of those relatively few requests for First War Powers Act relief which were still pending on August 14, 1945, and could not be handled by the war agencies after that date without additional statutory authority. I am plainly supported in this opinion by the legislative history of the War Contractors Relief Act, to which I expressly invite the attention of the Congress (S. Rept. No. 1669, H. Rept. No. 2576, 79th Cong.; 92 CONGRESSIONAL RECORD 9092).

In the veto message on H. R. 3436 (H. Doc. No. 629, 81st Cong.) my position in this matter was clearly stated, as follows:

> I cannot accept the contention that the purpose of the War Contractors Relief Act * * * was other than to provide a basis for relief to those contractors whose cases would have been handled under the First War Powers Act if war had not ended. Had I believed there was a broader purpose, I would not have issued the kind of regulations which were promulgated in Executive Order 9786. These regulations were a faithful attempt to interpret the language of the act as affording nothing more than a statutory basis for the continued processing of written applications for relief under the First War Powers Act which were pending and undisposed of on August 14, 1945. * * *
>
> H. R. 3436, and the reports recommending its enactment, would radically change the basic purpose of the original War Contractors Relief Act. I believe that in spite of any administrative interpretation which might be made to limit the effects of the bill, its provisions not only require reconsideration of all claims originally filed, but might also be construed to permit reopening of an unknown number of cases settled under the First War Powers Act and the Contract Settlement Act.

I further stated that the net effect of a bill which would relax the requirements for filing notice contained in the War Contractors Relief Act and the regulations thereunder, permit the granting of relief beyond that afforded by the First War Powers Act, and exclude the finality of settlement made under the First War Powers Act and the Contract Settlement Act of 1944 "would be to write into law the principle of Government insurance against all wartime net losses incurred by contractors providing goods and services to the Government."

Endowed as it is with a legislative history that makes the fact obvious, it is beyond question that these comments are equally pertinent to S. 3906.

Some time ago I informed the Congress of my belief that it would be a grave error to introduce this principle of insurance against loss on Government contracts; its implications "are profound, both with respect to our finances and with respect to our free-enterprise system"; and it would involve "reopening the entire program of financing the war, with incalculable effects upon our finances." I reiterated these views in the veto message on H. R. 3436. Considering the even greater demands upon our finances necessitated by the international developments that have occurred since then, it seems to me that their rightness is not even debatable at present. I therefore adhere to them.

Aside from the matter of finances I should like to add, also, that I cannot subscribe to the notion apparently held in some quarters that legislation of this kind is required to assure contractors of fair and equitable treatment at the hands of their Government. The well-known record of Government contracting during World War II is, in my opinion, monumental evidence that contractors were accorded eminently fair treatment, by all known standards of law and equity. I am confident they do not expect, or want, the Government to now embark upon a program of underwriting the element of risk that is a normal incident of any contractual undertaking for profit. Such a program, among other things, would destroy the existing system of competitive bidding which is an integral part of our free-enterprise economy, and it would virtually annihilate any incentive to perform efficiently.

For the foregoing reasons, I am constrained to withhold my approval from S. 3906.

HARRY S. TRUMAN.

THE WHITE HOUSE,
August 21, 1950.

FEDERAL-AID HIGHWAY ACT OF 1950

Mr. LUCAS. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 7941) to amend and supplement the Federal-Aid Road Act.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 7941) to amend and supplement the Federal-Aid Road Act, approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. WHERRY. It is my understanding that when the Senate convenes tomorrow at noon the time is not divided between 12 and 1:30, and any Senator can speak on any subject during that time.

The VICE PRESIDENT. No division of time is provided.

EXECUTIVE SESSION

Mr. LUCAS. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The VICE PRESIDENT. If there be no reports of committees the nominations on the Executive Calendar will be stated.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

The VICE PRESIDENT. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the Executive Calendar.

RECESS

Mr. LUCAS. As in legislative session, I move that the Senate stand in recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 9 o'clock and 8 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, August 22, 1950, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate, August 21 (legislative day of July 20), 1950:

DIRECTOR OF CENTRAL INTELLIGENCE

Walter Bedell Smith, lieutenant general, United States Army, to be Director of Central Intelligence.

IN THE NAVY

Rear Adm. Jerauld Wright, United States Navy, to have the grade, rank, pay, and allowances of a vice admiral while serving as commander, Amphibious Force, Atlantic Fleet.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 21 (legislative day of July 20), 1950:

POSTMASTERS

CALIFORNIA

Emaline M. Korba, Apple Valley.
Frank A. Salman, Colton.

HAWAII

Arthur C. Lum, Waimanalo.

KANSAS

Raymond W. Harold, Weskan.

MONTANA

Joseph Kelly, Glendive.

NEW YORK

Frederick G. MacCollum, Elbridge.
George M. Miller, Guilford.

OKLAHOMA

Raymond F. Frizzell, Weatherford.

SOUTH DAKOTA

Norman W. Vernlund, Toronto.

TENNESSEE

Walter L. Wildridge, Cedar Grove.

81ST CONGRESS
2D SESSION

H. R. 9176

IN THE SENATE OF THE UNITED STATES

AUGUST 21 (legislative day, JULY 20), 1950
Ordered to be printed with the amendment of the Senate

AN ACT

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, ~~That this Act, divided into titles, may be cited as the "Defense Production Act of 1950".~~

~~TABLE OF CONTENTS~~

~~Title I. Priorities and allocations.~~
~~Title II. Price and wage stabilization.~~
~~Title III. Authority to requisition.~~
~~Title IV. Expansion of productive capacity and supply.~~
~~Title V. Control of credit and commodity speculation.~~
~~Title VI. General provisions.~~

DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively, the requirements of military programs in support

of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use within the framework, as far as practicable, of the American system of competitive enterprise.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

SEC. 102. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

SEC. 103. It is hereby made unlawful for any person willfully to hoard any necessaries. The term "necessaries"

as used in this section means foods; feeds; wearing apparel; automobile tires; containers primarily designed or intended for containing foods, feeds, or fertilizers; fuel, including fuel oil and natural gas; fertilizer and fertilizer ingredients; tools, utensils, implements, machinery, and equipment required for the actual production of the above-named articles and materials; and any other articles and materials the equitable distribution of which the President shall find, and shall by proclamation declare, to be essential to carry out the purposes of this Act. Necessaries shall be deemed to be hoarded within the meaning of this section when either (a) held, contracted for, or arranged for by any person in a quantity in excess of his reasonable requirements for use or consumption by himself and dependents for a reasonable time; (b) held, contracted for, or arranged for by any manufacturer, wholesaler, retailer, or other dealer in a quantity in excess of the reasonable requirements of his business for use or sale by him for a reasonable time or reasonably required to furnish necessaries produced in surplus quantities seasonably throughout the period of scant or no production, or (c) withheld whether by possession or under any contract or arrangement from the market by any person for the purpose of unreasonably increasing or diminishing the price: *Provided*, That this sec-

tion shall not apply to futures trading transactions on any commodity exchange or board of trade.

TITLE II—PRICE AND WAGE STABILIZATION

SEC. 201. It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: to prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is

the intent of Congress that the authority conferred by this title shall be exercised in accordance with the policies set forth in section 2 of this Act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

SEC. 202. (a) In order to carry out the objectives of this title, the President may encourage and promote voluntary action by business, agriculture, labor and consumers. In proceeding under this subsection the President may exercise the authority to approve voluntary programs and agreements conferred on him under sections 708 and 712, and may utilize the services of persons and agencies as provided in section 710.

(b) Where the objectives of this title cannot be attained by action under subsection (a), the President may issue regulations and orders at the same time both

~~(1) establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service; and~~

~~(2) establishing a ceiling or ceilings on wages, salaries, and other compensation paid to or received by any person for any type of employment; and regulations prohibiting increases in wages, salaries, and other compensation, except when deemed necessary by the President to prevent gross inequity or to effectuate the purposes of this Act, shall be issued whenever an increase in wages, salaries, or other compensation (A) would require increases in price ceilings established under paragraph (1) of this subsection, or (B) would impose an undue burden on a seller operating under a price ceiling established under paragraph (1) of this subsection.~~

~~Action under this subsection may be taken either with respect to individual materials and services, or with respect to materials and services generally.~~

~~Wages, salaries, and other compensation shall be stabilized generally whenever ceilings on prices, including retail sales prices, have been established on materials and services~~

~~comprising a substantial part of all sales at retail and materially affecting the cost of living.~~

~~(c) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. The President shall also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this Act. From time to time the President shall adjust ceilings, and in determining and adjusting ceilings on prices with respect to materials and services, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or service, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of**

the material or by persons performing the service, subsequent to June 24, 1950: *Provided,* That no regulation or order shall contain any provision requiring the determination of costs otherwise than in accordance with established accounting methods. In stabilizing and adjusting wages, salaries, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such wages, salaries, or other compensation. Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order.

(d) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except as provided in this subsection.

(2) No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor Management Relations Act, 1947, or any other law of the United States, or of any State, the

~~District of Columbia, or any Territory or possession of the United States.~~

~~(3) No ceiling shall be established or maintained for any agricultural commodity below the higher of the following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the highest price received by producers during the period from May 24, 1950, to June 24, 1950, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (iii) if for the year 1950 a producer normally does not market a commodity during the period from May 24, 1950, to June 24, 1950, the highest price received by such producer during the first thirty-day period following May 24, 1950, in which such commodity is normally marketed; and no ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the higher price therefor specified in this subsection: *Provided*, That in establishing and maintaining ceilings on products resulting from the proc-~~

essing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing. Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural commodity. Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act. Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm

price during the base period, as determined by the Secretary of Agriculture, whichever is higher: *Provided, however,* That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas.

(c) The authority conferred by this title shall not be exercised with respect to the following:

(i) Rentals for real property;

(ii) Rates or fees charged for professional services;

(iii) Prices or rentals (a) for materials furnished for publication by any press association or feature service, (b) books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio broadcasting or television station, a motion picture or other theater enterprise, or outdoor advertising facilities;

(iv) Rates charged by any person in the business of selling or underwriting insurance;

~~(v) Rates charged by any common carrier or other public utility;~~

~~(vi) Margin requirements on any commodity exchange.~~

~~(f) The President, in or by any regulation or order, may provide exemptions for any materials or services, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials or services, or transactions therein, or that compensation for such types of employment be stabilized, in order to effectuate the purposes of this title.~~

~~SEC. 203. The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, or requirement under this title.~~

~~SEC. 204. In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.~~

~~SEC. 205. (a) It shall be unlawful, regardless of any~~

obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing.

(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

SEC. 206. Nothing in this title shall be construed to require any person to sell any material or service, or to perform personal services.

SEC. 207. (a) At any time within six months after the effective date of any regulation or order under this title, or, in the case of new grounds arising after the effective date of any such regulation or order, within six months after such new grounds arise, any person subject to any provision of such regulation or order may, in

~~accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than thirty days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.~~

~~(b) In the administration of this title the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of title VII of this Act.~~

~~(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: *Provided, however,* That upon the request of the protestant, any protest filed in ac-~~

cordance with subsection (a) of this setcion shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after

it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

SEC. 208. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided*, That the

~~regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest of such evidence and shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by the President, any such evidence shall be presented directly to the court.~~

~~(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court~~

~~enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.~~

~~(c) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation, order, price schedule, or wage, salary, or other compensation schedule issued under this title. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title.~~

~~(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of~~

Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under this title, and of any provision of any such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

SEC. 209. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 205 of this title, he may make application to the appropriate court for an order en-

joining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 205 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than one year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material or service for use or consumption other than in the course of trade or business may, within one year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not

~~more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus $10,000, or (2) an amount not less than $25 nor more than $50 as the court in its discretion may determine: *Provided, however,* That such amount shall be the amount of the overcharge, or overcharges, if the defendant proves that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such one-year period. If such action is instituted by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdic-~~

tion. A judgment in an action for damages under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered. The President may not institute any action under this subsection on behalf of the United States—

(1) if the violation arose because the person selling the material or service acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

(2) if the violation arose out of the sale of any material or service to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

SEC. 210. As used in this title—

(a) The word "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

(c) The word "facilities" shall not include farms, churches or other places of worship, or private dwelling houses.

(d) The term "national defense" means the operations and activities of the armed forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.

(e) The words "wages, salaries, and other compensation" shall include all forms of remuneration to employees by their employers for personal services, including, but without limitation, vacation and holding payments, night shift and other bonuses, incentive payments, year-end bonuses, employer contributions to or payments of insurance or welfare benefits, employer contributions to a pension fund or annuity, payments in kind, and premium overtime payments.

TITLE III—AUTHORITY TO REQUISITION

SEC. 301. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufac-

ture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) where the President finds that all other means of acquiring or obtaining the use of such property for the defense of the United States upon fair and reasonable terms have been exhausted, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall promptly be paid 75 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, where the amount involved does not exceed $10,000, in any district court of the United States within three years after the

date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation. Whenever the need for the national defense of any property requisitioned under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided*, That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

TITLE IV—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 401. (a) In order to expedite production and deliveries under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions

of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise against loss of principal or interest on any loan, discount or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be related to efforts or undertakings on the part of the United States or any agency thereof which are designed to meet the necessities of the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or account-

ability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations, as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 402. To assist in carrying out the objectives of this Act, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises for the expansion of capacity, the development of technological processes, or the production of essential materials including the exploration, development, and mining of strategic and critical metals and minerals. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 403. (a) To assist in carrying out the objectives of this Act, the President may make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale.

(b) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined any materials procured under this section.

SEC. 404. (a) For the purposes of sections 402 and 403, the President is hereby authorized to utilize the Reconstruction Finance Corporation and such other depart-

ments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new corporations.

(b) Any corporation created under this section—

(1) shall have the power to sue and be sued; to acquire, hold, and dispose of property; to use its revenues; to determine the character of and necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for subject to laws specifically applicable to Government corporations; and to exercise such other powers as may be necessary or appropriate to carry out the purposes of such corporation;

(2) shall have its powers set out in a charter, which shall be published in the Federal Register, and all amendments to which shall be similarly published;

(3) shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to Act of Congress; and

(4) shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of said Act.

(c) Any corporation established or utilized pursuant to this section is authorized to borrow from the Treasury of

~~the United States, for any of the purposes of the corporation, such sums of money as may be necessary to carry out its functions under this title: *Provided,* That the total amount borrowed under the provisions of this section by all such corporations shall not exceed an aggregate of $2,000,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this paragraph, any corporation established pursuant to this section may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the corporation. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the corporation. The Secretary of the Treasury is authorized and directed to purchase any obligations of any such corporation to be issued hereunder and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act,~~

as amended, are extended to include any purchases of the obligations of any corporation hereunder.

TITLE V—CONTROL OF CREDIT

SUBTITLE A—CONSUMER AND REAL ESTATE CREDIT

SEC. 501. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of consumer and real estate construction credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this subtitle or to prevent evasions thereof.

In prescribing and suspending such regulations, includ-

ing changes from time to time to take account of changing conditions, the President shall consider among other factors, (1) the level and trend of consumer and real estate construction credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, and (3) the need in the national economy for the maintenance of sound credit conditions.

(b) No person shall extend or maintain any consumer or real estate construction credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any such credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any such credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any such credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this subtitle; and such accounts, correspondence, memoranda, papers, books, and

other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) Any person who willfully violates any provision of this subtitle or any regulation or order thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

(d) To assist in carrying out the purposes of this subtitle, the President by regulation may require transactions or persons or classes thereof subject to this subtitle to be registered or licensed; and, after notice and opportunity for hearing, the President by order may suspend any such registration or license for violation of this subtitle or any regulation prescribed by the President pursuant to this subtitle. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this subtitle, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve

System, the Federal Reserve banks, and any other agencies. Federal or State, which are available and appropriate.

(e) Any rules, regulations, or orders for real estate credit shall not restrict loans made by private lenders to any percentage of value or maturity less than the maximum authorized for any loans of like classifications authorized to be made, insured, or guaranteed by the Government or any Government-owned agency or instrumentality, nor shall any rule, regulation, or order otherwise discriminate in favor of Government loans or Government insured or guaranteed loans against private loans.

(f) For the purposes of this subtitle, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, and accounting terms, insofar as any such definitions are not inconsistent with the provisions of this subtitle:

(1) "Consumer credit" means credit which the obligor undertakes to pay in two or more payments, or any other credit: *Provided,* That it shall not include (i) any credit to finance or refinance the construction or purchase of an entire residential or nonresidential building, (ii) any credit extended to a business enterprise solely to finance the purchase

of goods for resale, or (iii) any other credit extended to a business or agricultural enterprise for any business or agricultural purpose unless the credit is secured by or is for the purpose of purchasing or carrying any durable or semi-durable goods which are used or usable for personal, family, or household purposes, or any accessory, insurance, or service connected with any such goods or any interest therein.

(2) "Real estate construction credit" means any credit, hereafter extended, which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, new construction on real property or real property on which there is now construction. As used in this paragraph the term "new construction" means any structure, or any major addition or major improvement to a structure, which has not been begun before 12 o'clock meridian, August 3, 1950. As used in this paragraph the term "real property" includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term "real estate construction credit" shall not include any loan or loans made, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed ownership

Government corporation as defined in the Government Corporation Control Act, as amended.

(3) "Credit" means any loan, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(4) "Person", in addition to the definition given it by section 602 (a) of this Act, includes the United States, any State or subdivision thereof, and any agency or instrumentality of one or more such authorities, except that the crim-

inal penalties of this subtitle shall not be applicable to the United States, any State, or other governmental agency or instrumentality.

SEC. 502. To assist in carrying out the objectives of this Act, the President may, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall preserve the relative credit preferences accorded to veterans under existing law.

TITLE VI—GENERAL PROVISIONS

SEC. 601. (a) It is the sense of the Congress that small business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formation of rules, regulations or orders, or amendments thereto, issued under authority of this Act, and in their formation consideration shall be given to providing fair representation for small, medium, and large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions shall be provided for small business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

~~(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small business enterprises.~~

~~SEC. 602. As used in this Act—~~

~~(a) The word "person" shall include individuals, firms, corporations, associations, partnerships, and any organized groups of persons whether or not incorporated.~~

~~(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.~~

~~SEC. 603. The President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Government, including any new agency or agencies, which are hereby authorized to be created by the President when deemed necessary, and may authorize such redelegations by that officer or agency as the President may deem appropriate. The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix the compensation therefor, without regard to the Classification Act of 1949, as amended, at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government. Attorneys appointed under this section may appear for~~

and represent the agency in any case in any court. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act.

SEC. 604. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may contain such classifications and differentiations and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper in order to effectuate the purposes of this Act.

SEC. 605. (a) The President shall be entitled, while this Act is in effect and for a period of two years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope

and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority, and it is assured that no adequate and authoritative data are available from any Federal or other responsible agency.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided,* That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit

which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

SEC. 606. The district courts of the United States and

the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act.

SEC 607. No person shall be held liable for damages

or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to title I of this Act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 608. (a) No act or omission to act pursuant to this Act which occurs while this Act is in effect, if requested by the President and found by him to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

~~(b) The authority granted in subsection (a) shall not be delegated except to a single official of the Government and then only upon the condition that such official consult with the Attorney General and the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder and that if any objection is made by the Attorney General or by the Chairman of the Federal Trade Commission within that period, the President or such person as he may designate shall approve or disapprove the request.~~

~~(c) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.~~

~~(d) The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President within ninety days after the approval of this Act, and at such times thereafter as he deems desirable, reports setting forth the results of such~~

surveys and including such recommendations as he may deem desirable.

SEC. 609. The functions exercised under this Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof.

SEC. 610. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code or section 190 of the Revised Statutes (5 U. S. C., sec. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of sub-

sistence while away from their homes or regular places of business pursuant to such appointment.

SEC. 611. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

SEC. 612. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the Act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 613. That no person may be employed under this Act who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the

overthrow of the Government of the United States by force or violence: *Provided,* That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further,* That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation or fund contained in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than one year, or both: *Provided further,* That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

~~SEC. 614. This Act and all authority conferred hereunder shall terminate June 30, 1951, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate.~~

That this Act, divided into titles, may be cited as "The Defense Production Act of 1950".

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DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities boyond the levels needed

to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively, the requirements of military programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use, within the framework, as far as practicable, of the American system of competitive enterprise.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. (a) The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he

finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

(b) Except as provided in section 403, the authority conferred upon the President under this section shall be exercised by the Secretary of Commerce.

SEC. 102. No person shall accumulate (1) in excess of the reasonable and normal demands of business or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices, materials which have been designated by the President as scarce materials or materials the supply of which would be threatened by such accumulation. The President shall order published in the Federal Register, and in such other manner as he may deem appropriate, every designation of materials the accumulation of which is unlawful and any withdrawal of such designation. This section shall not be construed to limit the authority contained in section 101 of this Act.

SEC. 103. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order

$10,000 or imprisoned for not more than one year, or both. thereunder, shall, upon conviction, be fined not more than

TITLE II—AUTHORITY TO REQUISITION

SEC. 201. Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that all other means of obtaining the use of such property for the defense of the United States upon fair and reasonable terms have been exhausted, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall promptly determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment

to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall be paid promptly 75 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, without regard to whether the amount involved exceeds $10,000, in any district court of the United States, within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation. Whenever the President determines that property acquired under this title and retained is no longer needed for the defense of the United States, he shall, if the original owner desires the property and pays the fair value thereof, return such property to the owner; but, in any event, property so acquired and retained shall, if the owner desires the property and pays the fair value thereof, be returned to the owner not later than June 30, 1952. In the event the President and the original owner do not agree as to the fair value of the property, the fair value shall be determined by three appraisers, one of whom shall be chosen by the President, one by the original owner, and the third by the first two appraisers; the expenses of such determination shall be paid in equal shares by the Government and the original owner.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SUBTITLE A—GENERAL EXPANSION

SEC. 301. (a) In order to expedite production and deliveries or services under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement for the national defense as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be necessary to expedite production and deliveries or services

under Government contracts for the procurement of materials or the performance of services for the national defense.

(b) Any Federal Reserve bank, when designated by the Board of Governors of the Federal Reserve System at the request of the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, nothwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents, under authority of or pursuant to this section, shall be subject to the supervision of the Board of Governors of the Federal Reserve System, and to such regulations as it may prescribe; and the Board is authorized to prescribe, either specifically or

by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents. After consultation with the Board of Governors of the Federal Reserve System, the guaranteeing agencies may prescribe the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

(e) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes, or improvements to plants, factories, and other industrial facilities now owned by the United States Government.

SEC. 302. To expedite production and deliveries or services under Government contracts for the procurement of materials or the performance of services for the national defense, the President may make provision for loans (including participations in, or guarantees of, loans) to pri-

vate business enterprises (including research corporations not organized for profit) for the expansion of capacity, the development of technological processes or the production of essential materials, including the exploration, development, and mining of strategic and critical metals and minerals. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available.

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: Provided, however, That purchases for resale under this subsection shall not include agricultural commodities except insofar as such commodities may be purchased for resale for industrial uses or stockpiling: Provided further, That the provisions of this section shall be without prejudice to, and shall be administered consistently with, subtitle B of this title.

(b) Purchases and commitments to purchase and sales under subsection (a) may be made without regard to the

limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined, any materials procured under this section.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize such existing departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new agencies (other than corporations).

(b) There are hereby authorized to be appropriated such sums as are necessary to carry out the purposes of sections 302 and 303, and pending the making of such appropriations, any department, agency, official, or corporation utilized pursuant to this section or pursuant to subtitle B of this title is authorized subject to the approval of the

President to borrow from the Treasury of the United States such sums of money as may be necessary to carry out its functions under this title, provided that the total amount so borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of $300,000,000 at any one time.

SUBTITLE B—METALS AND MINERALS

SEC. 311. (a) It is the policy of the Congress that every effort be made to stimulate exploration for and conservation of strategic and critical metals and minerals and other essential metals and minerals by private enterprise to supply the industrial, military, and naval needs of the United States, and that every effort be made to encourage the development and maintenance of sources of these metals and minerals within the United States in order to decrease and prevent, wherever possible, a dangerous and costly dependence by the United States upon foreign nations for supplies of such materials. To this end it is the further policy of the Congress that every effort be made to maintain a sound and active mining industry within the United States; to expand exploration for those ores and other mineral substances which are essential to the common defense or the industrial needs of the United States; and to prevent the discontinuance of mine operations under such circumstances as to make it probable that production would

not or could not be resumed when needed for the national economy or security.

(b) In carrying out these policies small mining enterprises shall be encouraged to apply for aid under this subtitle, and for this purpose the Secretary of the Interior shall provide small mining enterprises with full information concerning this subtitle, and shall make special provision for expeditious handling of applications from small mining enterprises.

SEC. 312. A Minerals Conservation Board, consisting of the Secretary of the Interior, the Secretary of Defense, the Secretary of Commerce, and the Secretary of the Treasury, is hereby established. The Secretary of the Interior shall be the executive chairman of the Board. The members of the Board may delegate their powers, functions, and duties, including those relating to appeals, to suitable officers of their respective agencies.

SEC. 313. To carry out the policy of this subtitle, the Board shall by regulation determine—

(a) the amount of money to be allocated to the aid of exploration, on the one hand, and to the aid of conservation, on the other hand;

(b) the amount of money to be allocated to the aid of exploration for any metal or mineral or group of metals or minerals, as specified by the Board;

(c) the amount of money to be allocated to the aid of conservation of any metal or mineral or group of metals or minerals, as specified by the Board;

(d) the maximum price or the minimum price, or both, which may be paid for the purchase of any metal or mineral for conservation: Provided, That adequate allowance shall be made for depletion and depreciation in computing costs of operation or maintenance;

(e) the maximum amount or the minimum amount, or both, which may be paid on account of participation in the costs of maintenance for conservation with respect to any metal or mineral;

(f) the maximum amount or the minimum amount, or both, which may be paid to any producer or class of producers on account of exploration for any metal or mineral or group of metals or minerals, and the ratio which the Government's contribution for exploration shall bear to the contribution of any producer or class of producers for exploration;

(g) the particular metals or minerals or ores thereof and specifications therefor that shall be eligible for aid for conservation;

(h) the particular metals or minerals that shall be eligible for aid for exploration; and

(i) the time limits or dates within which contracts for aid for conservation shall terminate.

SEC. 314. (a) The Board shall promulgate such rules and regulations as may be necessary to carry out its functions and duties under this subtitle, and to provide fair and equitable treatment for all applicants for aid.

(b) The Secretary, subject to the rules and regulations of the Board, may prescribe rules and regulations for carrying out the provisions of this subtitle and which must be complied with by applicants for contracts under the provisions of this subtitle.

(c) The Secretary may delegate any of his functions under this subtitle.

(d) All rules and regulations issued under the authority contained in this section shall be published in the Federal Register.

SEC. 315. (a) Any producer may file with the Secretary an application for financial aid in carrying out a specified project for exploration or financial aid to conserve a deposit of ores or minerals. An application to conserve may be either for aid by participating in the costs of maintaining the property in stand-by condition or by purchasing all or any part of the metals or minerals resulting from production from such deposit. The application and the project for aid

disclosed by the application must conform to the express policy and provisions of this subtitle and with the rules and regulations of the Board and of the Secretary: Provided, however, That simple contracts covering exploration projects shall be awarded upon application to small base metal mines and such contracts shall provide for the payment by the United States of one-half of the total reasonable costs of all tunnels, shafts, winzes, and raises in such a mine if the application or examination discloses that there is a reasonable promise of developing unknown or undeveloped sources of metals or minerals. All contracts covering exploration projects shall contain provisions for repayment to the United States of sums paid by the United States pursuant thereto, liability for such repayment to be limited to payment of a reasonable portion of profits accruing from production resulting from such exploration.

(b) The Secretary shall cause qualified mining engineers, geologists, and any other necessary technicians to make examination of and to report on each application, and to certify it to the Secretary either for acceptance, as presented or subject to specified modifications, or for rejection. In the case of a project for exploration, the examining experts shall certify whether the project offers reasonable promise of discovering unknown or undeveloped sources of metals or minerals. In the case of a project for aid to con-

serve a deposit of ores or minerals, either by participating in the costs of maintaining the property in stand-by condition or by purchasing all or any part of the metals or minerals resulting from production from such deposit, the examining experts, considering economic and practical factors, shall certify whether the project offers reasonable promise of maintaining in stand-by condition or in production, as the case may be, a property the production from which would, in the absence of financial aid by the United States, be discontinued or remain discontinued under such circumstances as to make it probable that for economic or technical reasons such production would not or could not be resumed when needed for the national economy or security.

(c) The Secretary shall either accept and approve the application, subject to any modification therein which he may require, or he shall reject it: Provided, That if the Secretary's action on the application conflicts with the recommendation and certification of the examining experts, he shall refer the application to the Board; and the Board shall either confirm and approve the action of the Secretary, or shall reverse it, or shall direct the Secretary to reconsider it. Confirmation or reversal of the Secretary's action by the Board shall be final, and direction to reconsider shall place the application in the same status it was in before action upon it by the

Secretary. If the Secretary accepts the application, either in its original or modified form, the terms of the application and acceptance shall be merged in a formal, written contract: Any applicant who is dissatisfied with the decision of the Secretary upon his application, may at any time within thirty days after receipt of notice of the decision, unless further time is granted by the Board, appeal to the Board, and the Board, as expeditiously as possible, shall review the entire matter, make its findings thereon, and notify the applicant of its decision, which shall be final.

(d) All metals or minerals purchased under the provisions of this section, or such equivalent quantities thereof as may be permitted by the contract with the producer, shall be delivered by the producer to and shall be received and paid for by the Administrator of General Services at such places and times as may be provided in the contract. The Administrator shall from time to time, and in any event before selling them in the open market, notify the Munitions Board of the inventory of metals or minerals held by him under the provisions of this subtitle and shall continue to hold all metals or minerals received by him under this subtitle until at least sixty days after he has given the Munitions Board notice that they are so held. The Munitions Board may, as long as any such metals or minerals are held by the Administrator, (1) direct the Adminis-

trator to transfer any of them to the national security stockpile in accordance with the provisions of the Strategic and Critical Materials Stock Piling Act, as amended (53 Stat. 811, 60 Stat. 596), or (2) within sixty days after such notice from the Administrator direct him to hold any such metals or minerals listed in the notice until sixty days after the next succeeding appropriation for purchases for the stockpile has become available. Unless notified by the Munitions Board to either transfer any of such metals or minerals or to continue to hold them as provided in this subsection, the Administrator shall sell them in the open market if and when open-market prices will return to the Government at least the approximate average price paid by the Government for the metals or minerals, and only in such quantities as will not materially depress the market. No metal or mineral shall be transferred into the national security stockpile under the provisions of this subtitle unless the material has been found to be strategic and critical as provided in the Strategic and Critical Materials Stock Piling Act, and meets established specifications as to quality and degree of refinement or processing, and unless such transfer is consistent with the current stockpiling procurement program of the Munitions Board. Any transfer of metals or minerals to the national security stockpile shall be covered by a transfer of funds from appropriations available for purchases for the stock-

pile to the Administrator in amounts, approximating what the cost of the metals or minerals would have been if purchased in the open market at the time of transfer.

(e) Contracts entered into under the provisions of this section may be entered into without regard to sections 3648 and 3709 of the Revised Statutes, as amended, or other provisions of law prescribing the manner of making contracts on behalf of the United States.

(f) No contracts shall be entered into under the provisions of this section for a period exceeding two years.

SEC. 316. As used in this subtitle—

(a) "Secretary", standing by itself, means the Secretary of the Interior.

(b) "Administrator" means the Administrator of General Services.

(c) "Board" means the Minerals Conservation Board.

(d) "Exploration" means exploration in the United States for unknown or undeveloped sources of metals or minerals, including undeveloped extensions of known deposits, conducted from the surface or underground, by surface trenching, core or churn drilling, tunnels, raises, winzes, or shafts, including recognized and sound procedures for obtaining pertinent geological information, and including metallurgical research on processes for the production of such metals or minerals.

(e) "Production" means the production of ores or minerals from mines in the United States, or from tailings, dumps, slags, or residues of such mines, which the Secretary determines would, in the absence of financial aid by the United States, be discontinued or remain discontinued under such circumstances with respect to each particular mine as to make it probable that for economic or technical reasons such production would not or could not be resumed promptly when needed for the national economy or security.

(f) "Small base metal mines" means mines or deposits of ores primarily producing or which in the course of conducting an exploration project primarily produce lead, zinc, or copper ores, or ores containing a combination of such metals, the average aggregate monthly production of which does not exceed 100 tons of lead, zinc and copper metal combined.

(g) "Producer" means any person or persons or legal entity by whom or for whose account and interest exploration, maintenance, or production is to be or is being performed.

(h) "United States", when used in a geographical sense, means the United States and its Territories and possessions.

SEC. 317. This subtitle shall not be construed as superseding or amending the Atomic Energy Act of 1946 (60 Stat. 755), as amended.

TITLE IV

PRICE AND WAGE STABILIZATION

SEC. 401. It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: To prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of Congress that the authority conferred by this title shall be exercised in accordance with the policies set forth in

section 2 of this Act and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

SEC. 402. (a) In order to carry out the objectives of this title, the President may encourage and promote voluntary action by business, agriculture, labor and consumers. In proceeding under this subsection the President may exercise the authority to approve voluntary programs and agreements conferred on him under sections 708 and 712, and may utilize the services of persons and agencies as provided in section 710.

(b) Where the objectives of this title cannot be attained by action under subsection (a), the President may issue regulations and orders—

(1) establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allow-

ance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material, service, or property; and

(2) stabilizing wages, salaries, and other compensation paid to or received by any person for any type of employment; and regulations prohibiting increases in wages, salaries, and other compensation, except when deemed necessary by the President to prevent gross inequity or to effectuate the purposes of this Act, shall be issued whenever ceilings are imposed under subsection (1).

Action under this subsection may not be taken with respect to individual materials, services and kinds of property, but may be taken only with respect to materials, services and property generally, subject to the exceptions provided hereafter in subsection (e) of this section or provided by the President under the authority contained in subsection (f) of this section.

Wages, salaries, and other compensation shall be stabilized generally whenever ceilings on prices, including retail sales prices, have been established on materials, services, and property generally.

(c) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, com-

missions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. The President shall also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this Act. In determining and adjusting ceilings on prices with respect to materials, services, and property, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material, service, or property, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or property or by persons performing the services, subsequent to June 24, 1950. In stabilizing wages, salaries, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such wages, salaries, or other compensation. Any regula-

tion or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order. No ceiling for any material, service, or property shall be established or maintained which is designed to allow any seller a margin of profit greater than his normal margin of profit on sales of such material, service, or property.

(d) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except as provided in this subsection; but the President shall make appropriate provision to prevent hardships and inequities to sellers who have bona fide contracts in effect on the date of issuance of any such regulation or order for future delivery of materials processed from raw materials, and particularly from agricultural commodities, in which seasonal demands or normal business practices require contracts for future delivery.

(2) No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards

Act of 1938, as amended, or the Labor Management Relations Act, 1947, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

(3) No ceiling shall be established or maintained for any agricultural commodity below the highest of the following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the price received by producers during the period from May 24, 1950, to June 24, 1950, inclusive, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (iii) in the case of any commodity for which the market was not active during the period May 24 to June 24, 1950, the average price received by producers during the most recent representative period prior to May 24, 1950, in which the market for such commodity was active as determined and adjusted by the Secretary of Agriculture to a level in line with the level of prices received by producers for agricultural commodities generally during the period May 24 to June 24, 1950 and adjusted by the Secretary for grade, location and seasonal differentials, or (iv) in the case of fire-cured

tobacco a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 75 per centum of the parity price of Burley tobacco of the corresponding crop, and in the case of dark air-cured tobacco and Virginia sun-cured tobacco, respectively, a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 66⅔ per centum of the parity price of Burley tobacco of the corresponding crop. No ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified above: Provided, That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing. Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connec-

tion with the production and marketing of such agricultural commodity; and in establishing the ceiling (1) for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this Act and for which different areas have different periods of marketing during such season or (2) for any agricultural commodity produced for the same general use as a commodity described in (1), the President shall give due consideration to affording equitable treatment to all producers of the commodity for which the ceiling is being established. Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act. Whenever the Secretary of Agriculture finds that the minimum ceiling prices prescribed herein to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall determine such minimum ceiling prices as he

finds with reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest.

(e) The authority conferred by this title shall not be exercised with respect to the following:

(i) Prices or rentals for real property;

(ii) Rates or fees charged for professional services;

(iii) Prices or rentals for materials furnished for publication by any press association or feature service, books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities;

(iv) Rates charged by any person in the business of selling or underwriting insurance;

(v) Rates charged by any common carrier or other public utility: Provided, That no common carrier or other public utility shall, at any time after the President shall have issued any stabilization regulations and orders under subsections (b) and (c), make any general increase in its rates or charges prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, unless it first gives thirty days' notice to the President, or such agency as he may designate, and consents to the timely intervention by such agency before

the Federal, State, or municipal authority having jurisdiction to consider such increase.

(f) The President, in or by any regulation or order, may provide exemptions for any materials, services, or property, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials, services or property, or transactions, or that compensation for such types of employment be stabilized, in order to effectuate the purposes of this title: Provided, That this subsection shall not be applicable to any regulation required by section 402 (b).

(g) No ceilings shall be established or maintained on products resulting from the processing of cattle and calves, lambs and sheep, and hogs, the processing of each species being separately considered, which do not allow for a reasonable margin of profit to each segment of the processing industry as a group on each such species.

(h) The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this Act.

(i) Nothing in this title shall be construed (1) as authorizing the elimination or any restriction of the use of trade and brand names; (2) as authorizing the President to require the grade labeling of any materials or property; (3) as authorizing the President to standardize any materials, services, or property, unless the President shall determine, with respect to such standardization, that no practicable alternative exists for securing effective price control with respect to such materials, services, or property; or (4) as authorizing any order of the President establishing price ceilings for different kinds, classes, or types of material, service, or property which are described in terms of specifications or standards, unless such specifications or standards were, prior to such order, in general use in the trade or industry affected, or have previously been promulgated and their use lawfully required by another Government agency.

(j) No rule, regulation, order, or price schedule issued under this title shall require any seller of materials or property at retail or any operator of any service establishment to limit his sales with reference to any highest price line offered for sale by him at any prior time.

SEC. 403. At such time as the President determines that it is necessary to impose price and wage controls generally over a substantial portion of the national economy, he shall administer such controls, and rationing at the retail

level of consumer goods for household and personal use under authority of Title I of this Act (when and to the extent that he exercises such authority), through a new independent agency created for such purpose. Such agency may utilize the services, information, and facilities of other agencies and departments of the Government, but such agency shall not delegate enforcement of any of the controls to be administered by it under this secton to any other agency or department.

SEC. 404. In carrying out the provisions of this title, the President shall, so far as practicable, advise. and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

SEC. 405. (a) It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material, service, or property, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing.

(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contra-

vention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

SEC. 406. Nothing in this title shall be construed to require any person to sell any material, service or property, or to perform personal services.

SEC. 407. (a) At any time within six months after the effective date of any regulation or order relating to price controls under this title, or, in the case of new grounds arising after the effective date of any such regulation or order relating to price controls, within six months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of

any protest under this section, but in no event more than thirty days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

(b) In the administration of this title the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of title VII of this Act.

(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: Provided, however, That upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide

that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

SEC. 408. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: Provided, That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not

admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by the President, any such evidence shall be presented directly to the court.

(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside in whole or in part, any such regulation or order shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation, order, price schedule, or wage, salary, or other compensation schedule issued under this title. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title. The court may fix and establish a table of costs and fees to be approved by the Supreme Court of the United States, but the costs and fees so fixed shall not exceed with respect to any item the costs and fees charged in the Supreme Court of the United States. The court shall have a seal, hold session at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of

Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction, (1) to stay, restrain, or enjoin, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders relating to price controls, or any provision of any such regulation or order, or (2) to restrain or enjoin the enforcement of any such provision; and no other court, Federal, State, or Territorial, shall have jurisdiction or power to do so. There is reserved to the courts of general or other competent jurisdiction, except in the case of protests under this section and under section 407, the authority to pass upon the applicability of such regulations and orders. Such courts of general or other competent jurisdiction may pass upon the validity of such regulations and orders in cases otherwise properly pending before them.

SEC. 409. (a) Whenever in the judgment of the Presi-

dent any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 405 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than one year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) If any person selling any material, service, or property violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material, service, or property for use or consumption other than in the course of trade or business may, within one year from the date of the occurrence of the violation, except as hereinafter provided, bring

an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus $10,000, or (2) an amount not less than $25 nor more than $50 as the court in its discretion may determine: Provided, however, That such amount shall be the amount of the overcharge or overcharges if the defendant proves that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material, service, or property violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such one-year period, or compromise with the seller the liability

which might be assessed against the seller in such an action. If such action is instituted, or such liability is compromised by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages or a compromise under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered. The President may not institute any action under this subsection on behalf of the United States—

(1) if the violation arose because the person selling the material, service, or property acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

(2) if the violation arose out of the sale of any material, service, or property to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

SEC. 410. Each contract providing for the purchase of processed chickens or turkeys by any department or

agency of the United States from any contractor, entered into at any time when ceiling prices are in effect under this Act for whichever of such fowl is covered by such contract, shall contain the following provision (with such change as may be necessary to describe the fowl covered by the contract):

"The contractor represents that the contract price is based upon an estimated price paid to the producers for live chickens or live turkeys to be processed hereunder. In the event and to the extent that the actual price paid to the producers of live chickens or live turkeys purchased for the performance of this contract is less than such estimated price, the contract price shall be reduced by the same number of cents or fraction thereof, per pound."

TITLE V

SETTLEMENT OF LABOR DISPUTES

SEC. 501. It is the intent of Congress, in order to provide for effective price and wage stabilization pursuant to title IV of this Act and to maintain uninterrupted production, that there be effective procedures for the settlement of labor disputes affecting national defense.

SEC. 502. The national policy shall be to place primary reliance upon the parties to any labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect

a settlement in the national interest. The President is authorized, after consultation with labor and management, to establish such principles and procedures and to take such action as he deems appropriate for the settlement of labor disputes affecting national defense, including the designation of such persons, boards or commissions as he may deem appropriate to carry out the provisions of this title.

SEC. 503. In any action which may be taken pursuant to authority provided for in this title, due regard shall be given to terms and conditions of employment established by prevailing collective bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this Act. Any such action shall be consistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, and with other applicable laws.

TITLE VI—CONTROL OF CONSUMER AND REAL ESTATE CREDIT

SEC. 601. To assist in carrying out the objectives of this Act, the Board of Governors of the Federal Reserve System (hereinafter in this title referred to as the Board) is authorized, notwithstanding the provisions of Public Law 386, Eightieth Congress (61 Stat. 921), to exercise consumer credit controls in accordance with and to carry out the provi-

sions of Executive Order Numbered 8843 (August 9, 1941).

SEC. 602. (a) To assist in carrying out the purposes of this Act, the Board is authorized from time to time to prescribe regulations with respect to such kind or kinds of real-estate construction credit as, in its judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form, and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the Board are reasonably necessary in order to effectuate the purposes of this section or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the Board shall consider, among other factors, (1) the level and trend of real-estate construction credit and

the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, (3) the need in the national economy for the maintenance of sound credit conditions, and (4) the needs for increased defense production.

(b) No person shall extend or maintain any credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the Board pursuant to this section. Any person who extends or maintains any credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the Board may by regulation require as necessary or appropriate in order to effectuate the purposes of this section; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time or from time to time to such reasonable periodic, special, or other examinations by examiners or other representatives of the Board as it may deem necessary or

appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) To assist in carrying out the purposes of this section, the Board by regulation may require transactions or persons or classes thereof subject to this section to be registered; and, after notice and opportunity for hearing, the Board by order may suspend any such registration for violation of this section or any regulation prescribed by the Board pursuant to this section. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the Board in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this section, the Board may act through and may utilize the services of the Federal Reserve banks and any other agencies, Federal or State, which are available and appropriate.

(d) For the purposes of this section, unless the context otherwise requires, the following terms shall have the following meanings, but the Board may in its regulations further define such terms and, in addition, may define technical, trade, accounting and other terms, insofar as any such definitions are not inconsistent with the provisions of this section:

(1) "Real estate construction credit" means any credit,

hereafter extended, which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, new construction on real property or real property on which there is new construction. As used in this paragraph the term "new construction" means any structure, or any major addition or major improvement to a structure, which has not been begun before 12 o'clock meridian, August 3, 1950. As used in this paragraph the term "real property" includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term "real estate construction credit" shall not include any loan or loans made, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended.

(2) "Credit" means any loan, mortgage, deed of trust, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract

for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

SEC. 603. Any person who willfully violates any provision of section 601, 602, or 606 or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

SEC. 604. All the present provisions of sections 21 and 27 of the Securities Exchange Act of 1934, as amended (relating to investigations, injunctions, jurisdictions, and other matters), shall be as fully applicable with respect to the exercise by the Board of credit controls under sections 601 and 602 as they are now applicable with respect to the exercise by the Securities and Exchange Commission of its

functions under that Act, and the Board shall have the same powers in the exercise of such credit controls as the Commission now has under the said sections 21 and 27.

SEC. 605. To assist in carrying out the objectives of this Act with respect to loans on real estate made, insured, or guaranteed by any agency of the Government, the President may, after consultation with the Board of Governors of the Federal Reserve System, at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States Government, or by any wholly owned Government corporation or by any mixed ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: Provided, That in the exercise of these powers, the President shall give consideration to the preservation of such relative credit pref-

erences as are accorded to veterans of World War II under existing law.

SEC. 606. (a) To assist in carrying out the purposes of this Act, each commodity exchange, whether or not designated as a contract market under the Commodity Exchange Act, shall take all action reasonable and necessary to prevent excessive speculation on margins in commodities traded in for future delivery on such commodity exchange. For the purpose of this section, excessive speculation shall mean (i) speculative trading in a volume in excess of the volume reasonably necessary to absorb hedging trades, or (ii) speculative trading of a character which causes or tends to cause unreasonable fluctuations or unwarranted changes in price.

(b) In furtherance of the purpose of this section the Secretary of Agriculture shall, whenever he has reason to believe there is, or is danger of, excessive speculation in any commodity traded in for future delivery on any commodity exchange, inform the appropriate control committee or officer of such commodity exchange, stating his reasons.

(c) For the purpose of this section, "Commodity" shall mean and include any and all agricultural and forest products and byproducts, whether or not produced in the United States.

TITLE VII—GENERAL PROVISIONS

SEC. 701. (a) It is the sense of the Congress that small business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this Act, and in their formation there shall be fair representation for independent small, for medium, and for large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

(c) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a dislocation of the normal distribution in the civilian market, he shall do so in such manner as to assure each individual business in the normal channel of distribution of such material of its fair share of the available civilian supply based, insofar as practicable, on the share received by such business during a representative period preceding June 24, 1950.

SEC. 702. As used in this Act—

(a) The word "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: Provided, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency.

(b) The word "materials" shall include raw materials,

articles, commodities, products, supplies, components, technical information, and processes.

(c) The word "facilities" shall not include farms, churches or other places of worship, or private dwelling houses.

(d) The term "national defense" means the operations and activities of the armed forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.

(e) The words "wages, salaries, and other compensation" shall include all forms of remuneration to employees by their employers for personal services, including, but not limited to, vacation and holiday payments, night shift and other bonuses, incentive payments, year-end bonuses, employer contributions to or payments of insurance or welfare benefits, employer contributions to a pension fund or annuity, payments in kind, and premium overtime payments.

SEC. 703. (a) Except as otherwise specifically provided, the President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Government, including any new agency or agencies (and the President is hereby authorized to create such new agencies, other than corporate agencies, as he

deems necessary), and he may authorize such redelegations by that officer or agency as the President may deem appropriate. The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act.

(b) The head and assistant heads of any independent agency created to administer the authority conferred by title IV of this Act, and the heads of regional or State offices of such agency, shall be appointed by the President, by and with the advice and consent of the Senate.

SEC. 704. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or

proper to effectuate the purposes of this Act, or to prevent circumvention or evasion, or to facilitate enforcement of this Act, or any rule, regulation, or order issued under this Act.

SEC. 705. (a) The President shall be entitled while this Act is in effect and for a period of two years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority. In case of contumacy by, or refusal to obey a subpena served upon, any person referred to in this subsection, the district court for any district in which such person is found or resides or transacts business, upon application by the President, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: Provided, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior

to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Any person who willfully performs any act prohibited or willfully fails to perform any act required by the above provisions of this section, or any rule, regulation, or order thereunder, shall upon conviction be fined not more than $1,000 or imprisoned for not more than one year or both.

(e) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000, or imprisoned for not more than one year, or both.

SEC. 706. The district courts of the United States and

the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act. All litigation arising under this Act or the regulations pro-

mulgated thereunder shall be under the supervision and control of the Attorney General.

SEC. 707. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to this Act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 708. (a) The President is authorized to consult with representatives of industry, business, financing, agriculture, labor, and other interests, with a view to encouraging the making by such persons with the approval by the President of voluntary agreements and programs to further the objectives of this Act.

(b) No act or omission to act requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense

shall be construed to be within the provisions of the anti-trust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) shall be delegated only (1) to officials who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, unless otherwise required to be so appointed, and (2) upon the condition that such officials consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder. For the purpose of carrying out the objectives of title I of this Act, the authority granted in subsection (b) of this section shall not be delegated except to a single official of the Government.

(d) Upon withdrawal of any request or finding made hereunder and publication in the Federal Register thereof the provisions of this section shall not apply to any sub-

sequent act or omission to act by reason of such finding or request.

SEC. 709. The functions exercised under this Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof. Any rule, regulation, or order, or amendment thereto, issued under authority of this Act shall be accompanied by a statement that in the formulation thereof there has been consultation with industry representatives, including trade association representatives, and that consideration has been given to their recommendations, or that special circumstances have rendered such consultation impracticable or contrary to the interest of the national defense, but no such rule, regulation, or order shall be invalid by reason of any subsequent finding by judicial or other authority that such a statement is inaccurate.

SEC. 710. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons temporarily in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

(b) The President is further authorized, to the extent

he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 and section 190 of the Revised Statutes (5 U. S. C. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

(c) The President is authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act to employ experts and consultants or organizations thereof, as authorized by section 55a of title 5 of the United States Code. Individuals so employed may be compensated at rates not in excess of $50 per diem and while away from their homes or regular places of business they may be allowed transportation and not to exceed $15 per diem in lieu of subsistence and other expenses while so employed. The President is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 and section 190 of the Revised Statutes (5 U. S. C. 99).

(d) The President may utilize the services of Federal,

State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed; and he is authorized to provide by regulation for the exemption of persons whose services are utilized under this subsection from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

(e) Chapter 15 of title 18 of the United States Code is amended by adding at the end thereof the following new section:

"§ 292. Whoever, being an officer or employee of the United States or any department or agency thereof (including any Member of the Senate or House of Representatives or of the Armed Forces of the United States), shall speculate directly or indirectly on any commodity exchange, or shall knowingly publish or disclose any information designated by the President as confidential for the purpose of aiding any other person so to speculate, shall be fined not more than $10,000 or imprisoned not more than one year, or both. As used in this section, the term 'speculate' shall not include a legitimate hedging transaction, or a purchase or sale which is accompanied by actual delivery of the commodity. The President shall designate as confidential any

information which would give any person an undue advantage in trading on any commodity exchange."

SEC. 711. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

SEC. 712. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Defense Production (hereinafter referred to as the committee), to be composed of ten members as follows:

(1) Five members who are members of the Committee on Banking and Currency of the Senate, three from the majority and two from the minority party, to be appointed by the chairman of the committee; and

(2) Five members who are members of the Committee on Banking and Currency of the House of Representatives, three from the majority and two from the

minority party, to be appointed by the chairman of the committee.

A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman from among its members.

(b) It shall be the function of the committee to make a continuous study of the programs authorized by this Act, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the standing committees of the Congress having legislative jurisdiction over any part of the programs authorized by this Act; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. Any department, official, or agency administering any of such programs shall, at the request of the committee, consult with the committee, from time to time, with respect to their activities under this Act.

(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to

take such testimony, to procure such printing and binding, and do make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this subsection.

(d) The committee is authorized to appoint and, without regard to the Classification Act of 1949, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

(e) The expenses of the committee under this section, which shall not exceed $50,000 in any fiscal year, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman. Disbursements to pay such expenses shall be made by the Secretary of the Senate out of the contingent fund of the Senate, such contingent fund to be reimbursed from the contingent fund of the House of Representatives in the amount of one-half of disbursements so made.

SEC. 713. The provisions of this Act shall be applicable

to the United States, its Territories and possessions, and the District of Columbia.

SEC. 714. Except as may be otherwise expressly provided in this Act, all powers and authorities conferred by this Act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress it is hereby declared to be the controlling intent of Congress that if any provisions of this Act, or the application thereof to any person or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act or its application to other persons and circumstances, but shall be confined in its operation to the provisions of this Act, or the application thereof to the persons and circumstances directly involved in the controversy in which such judgment shall have been rendered.

SEC. 715. This Act and all authority conferred hereunder shall terminate June 30, 1952, or at such earlier time as the Congress by concurrent resolution or the President may designate; except that any agency created under this Act may be continued in existence for purposes of liquidation for not to exceed 60 days after such termination. The Congress may also provide by concurrent resolution

that any section of this Act and all authority conferred thereunder shall terminate prior to June 30, 1952.

Passed the House of Representatives August 10, 1950.

Attest: RALPH R. ROBERTS,
Clerk.

Passed the Senate with an amendment August 21 (legislative day, July 20), 1950.

Attest: LESLIE L. BIFFLE,
Secretary.

81ST CONGRESS
2D SESSION

H. R. 9176

AN ACT

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 21 (legislative day, JULY 20), 1950

Ordered to be printed with the amendment of the Senate

EXECUTIVE SESSION

Mr. MYERS. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. STENNIS) laid before the Senate a message from the President of the United States submitting sundry nominations, which were referred to the Committee on Labor and Public Welfare.

AGREEMENT AND PROTOCOL FOR FACILITATING INTERNATIONAL CIRCULATION OF VISUAL AND AUDITORY MATERIALS—REMOVAL OF INJUNCTION OF SECRECY

The PRESIDING OFFICER. The Chair lays before the Senate Executive V, Eighty-first Congress, second session, an agreement for facilitating the international circulation of visual and auditory materials of an educational, scientific, and cultural character, and also a certified copy of a related protocol of signature, which were open for signature at Lake Success from July 15, 1949, until December 31, 1949. Without objection, the ban of secrecy is removed from the agreement and protocol, and the agreement and protocol, together with the President's message of transmittal, will be referred to the Committee on Foreign Relations, and the President's message will be printed in the RECORD.

The President's message is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a certified copy of an agreement for facilitating the international circulation of visual and auditory materials of an educational, scientific, and cultural character, and also a certified copy of a related protocol of signature, which were open for signature at Lake Success from July 15, 1949, until December 31, 1949.

The purposes of the agreement are explained in the report of the Secretary of State which is transmitted herewith for the information of the Senate.

HARRY S. TRUMAN.

THE WHITE HOUSE, *August 22, 1950.*

(Enclosures: (1) Report of the Secretary of State; (2) certified copy of agreement for facilitating the international circulation of visual and auditory materials of an educational, scientific, and cultural character; (3) certified copy of protocol of signature.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. THOMAS of Oklahoma, from the Committee on Agriculture and Forestry:

Clarence J. McCormick, of Indiana, to be a member of the Board of Directors of the Commodity Credit Corporation, vice Albert J. Loveland, resigned.

By Mr. O'MAHONEY, from the Committee on Interior and Insular Affairs:

Carlton Skinner, of Connecticut, to be Governor of Guam.

The PRESIDING OFFICER. If there be no further reports of committees, the nominations on the Executive Calendar will be stated.

ATOMIC ENERGY COMMISSION

The Chief Clerk read the nomination of Thomas Keith Glennan to be a member of the Atomic Energy Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the Executive Calendar.

RECESS

Mr. MYERS. As in legislative session, I move that the Senate take a recess until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 7 o'clock and 6 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, August 23, 1950, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate August 22 (legislative day of July 20), 1950:

UNITED STATES PUBLIC HEALTH SERVICE

The following-named candidates for appointment in the Regular Corps of the Public Health Service:

To be senior assistant surgeons (equivalent to the Army rank of captain), effective date of acceptance

Edgar A. Hawk	Paul M. Duffy
Clyde H. Steffee, Jr.	George F. Cameron, Jr.
Thomas J. Kennedy, Jr.	William van Herick
Paul H. Ohliger	Robert C. Jackson
Marvin Lillian	Everett C. Sutter
Charles F. Naegele	H. Wayne Glotfelty

To be assistant surgeons (equivalent to the Army rank of first lieutenant), effective date of acceptance

Donald E. Love	Byron C. Hollenback
Robert N. Philip	John D. Goss, Jr.
Ira L. Myers	Harry F. Brumbach, Jr.

To be senior assistant dental surgeons (equivalent to the Army rank of captain), effective date of acceptance

Robert C. Likins	Oswald Spence
Quentin M. Smith	Fredric A. Ledward
Robert W. Bonds	Hubert Fields, Jr.
Charles G. Sleichter, Jr.	John W. Heck
	Harry V. Torg

To be assistant dental surgeons (equivalent to the Army rank of first lieutenant), effective date of acceptance

Richard L. Hayes	Harold R. Stanley, Jr.
Paul C. Reid	Norman W. Littleton
William D. Sterrett, Jr.	Viron L. Diefenbach
Dorrance I. Anderson	James E. Kelly

CONFIRMATION

Executive nomination confirmed by the Senate August 22 (legislative day of July 20), 1950:

ATOMIC ENERGY COMMISSION

Thomas Keith Glennan to be a member of the Atomic Energy Commission for the term of 5 years, expiring June 30, 1955.

House of Representatives

TUESDAY, AUGUST 22, 1950

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou divine spirit, who alone canst lead forlorn and faltering humanity out of dark and devious ways into the radiant paths of a brighter and better day, Thou knowest the deepest yearnings of our hearts.

We pray that we may look upwardly unto Thee, placing our hands in Thine and heeding Thy voice as Thou dost say, "This is the way, walk ye therein."

Grant that the chosen representatives of our beloved country may be blessed with clear minds and courageous hearts. We pray that, as leaders in a Christian nation, they may be fearless in meeting the demands of the most difficult problems and decisions with the claims and the confidence of the spirit of the Prince of Peace.

Hear us in His name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McDaniel, its enrolling clerk, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 250. Concurrent resolution for the correction of the enrollment of the bill (H. R. 2854) for the relief of Wade H. Noland.

The message also announced that the Senate had ordered that the Senator from Wisconsin, Mr. McCARTHY, be excused as conferee on the bill H. R. 9038, "An act to authorize the President to determine the form of the national budget and of departmental estimates, to modernize and simplify governmental accounting and auditing methods and procedures, and for other purposes," and the Senator from Kansas, Mr. SCHOEPPEL, be appointed in his stead.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 9176. An act to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAYBANK, Mr. TAYLOR, Mr. FULBRIGHT, Mr. ROBERTSON, Mr. SPARKMAN, Mr. TOBEY, Mr. CAPEHART, Mr. FLANDERS, and Mr. BRICKER to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 8594. An act to provide for the acquisition, construction, expansion, rehabilitation, conversion, and joint utilization of facilities necessary for the administration and training of units of the Reserve components of the Armed Forces of the United States, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD, Mr. HUNT, and Mr. SALTONSTALL to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 3934) entitled "An act to amend the act of May 13, 1924 (43 Stat. 118), as amended, relating to the United States-Mexican boundary," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CONNALLY, Mr. THOMAS of Utah, Mr. FULBRIGHT, Mr. SMITH of New Jersey, and Mr. LODGE to be the conferees on the part of the Senate.

NATIONAL BUDGET AND GOVERNMENTAL ACCOUNTING AND AUDITING PROCEDURES

Mr. DAWSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 9038) to authorize the President to determine the form of the national budget and of departmental estimates, to modernize and simplify governmental accounting and auditing methods and procedures, and for other purposes, with an amendment of the Senate thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. DAWSON, HOLIFIELD, KARSTEN, RICH, and LOVRE.

DEFENSE PRODUCTION ACT OF 1950

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, with an amendment of the Senate thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. SPENCE, BROWN of Georgia, PATMAN, MONRONEY, WOLCOTT, GAMBLE, and KUNKEL.

ANNOUNCEMENT

The SPEAKER. The Chair will recognize Members for unanimous-consent requests to extend their remarks, but in view of the legislative program before the House, the Chair trusts Members will not ask to address the House for 1 minute.

WAR RISK AND MARINE AND LIABILITY INSURANCE

Mr. HART. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2484) to authorize the Secretary of Commerce to provide war risk and certain marine and liability insurance.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Merchant Marine Act, 1936, as amended, is amended by adding thereto a new title to read as follows:

"TITLE XII—WAR RISK INSURANCE

"SEC. 1201. As used in this title—

"(a) The term 'American vessels' includes any vessel registered, enrolled, or licensed under the laws of the United States and any undocumented vessel owned or chartered by or made available to the United States or any department or agency thereof and any tug or barge or other watercraft (documented or undocumented) owned by a citizen of the United States used in essential water transportation or in the fishing trade or industry, except watercraft used exclusively in or for sport fishing.

"(b) The term 'transportation in the water-borne commerce of the United States' includes the operation of vessels in the fishing trade or industry, except watercraft used exclusively in or for sport fishing.

"(c) The term 'war risks' includes to such extent as the Secretary may determine all or any part of those losses which are excluded from marine insurance coverage under a 'free of capture and seizure' clause, or analogous clauses.

"(d) The term 'citizen of the United States' includes corporations, partnerships, and associations existing, authorized, or organized under the laws of the United States, or any State, district, Territory, or possession thereof.

The proposal was designed for the purpose of aiding Arizona in taking an enormous share of California's Colorado River water. The strategy behind the Columbia River diversion scheme is to give Congress and the Nation the impression that California does not need its Colorado River water because water will be available to California from the Northwest.

This is a serious matter. It should be exposed and clarified in all details.

In my inquiry of the issue, I find that the Bureau of Reclamation is now conducting various studies on bringing Northwest water into southern California. I have a letter dated August 18, 1950, from Reclamation Commissioner Michael W. Straus setting forth this fact.

In his letter, Mr. Straus states that the studies were undertaken pursuant to congressional and California requests, directions, and authorizations.

"Further," writes Mr. Straus, "in this instance, a specific congressional resolution requesting this investigation is at hand."

He identifies this legislation as House Resolution 244, Eightieth Congress, first session.

This resolution was not passed by Congress. It was introduced in the House Public Lands Committee, at the request of the Reclamation Bureau, on June 12, 1947, by the late Representative Richard J. Welch, Republican chairman of the committee. The resolution was strenuously objected to by both Republican and Democrat members from California. Mr. Welch ignored the objections of his California colleagues and of his State, and forced the resolution out of committee with a favorable report.

That was as far as the resolution got. California Members objected to it on the floor, and it died.

Thus, I find no specific resolution at hand which authorizes the Reclamation Bureau to conduct the studies of the Columbia River diversion plan. Certainly, House Resolution 244, which never passed Congress, provides no authorization. California Representatives opposed this resolution in committee, and continued to oppose it until they killed it.

Mr. Straus mentions that the Columbia studies were undertaken pursuant to California requests.

So far as I can learn, the only so-called California request came from the late Representative Welch in the Eightieth Congress. He was opposed by his California colleagues, by the California State government, and by innumerable officials, engineers, and attorneys of California water agencies, such as the metropolitan water district of southern California and the Colorado River board of California, a State body appointed by the Governor.

Let me make it plain once again that neither the State of California nor any responsible water, reclamation, or power officials of California, nor the California Members of Congress, have in any manner supported or endorsed the Columbia River diversion proposal.

California has a water plan now being formulated, but it does not contemplate utilization of any water from the Northwest. This assurance comes to me in a statement from T. R. Simpson, principal hydraulic engineer of the California State Division of Water Resources.

Here is Mr. Simpson's statement:

> The Federal Government is presently conducting a preliminary investigation to determine the feasibility of bringing water from the Columbia River to supplement California's supplies. The (California) State-wide water investigation is only partially completed at this time. * * * However, on the basis of the investory of (California) water resources and estimates of ultimate requirements so far made, it is indicated that adequate water supplies can be developed and regulated from California's water resources, including California's right in and to the waters of the Colorado River * * * to meet probable water requirements of the State without resort to importation from the Columbia River.

From James H. Howard, general counsel of the metropolitan water district of southern California, I have received a statement soundly denouncing the Columbia River diversion scheme. The metropolitan water district includes Los Angeles and San Diego and 26 other cities and areas in southern California, with a population of nearly 4,000,000 persons.

> In advancing the Snake and Columbia River diversion surveys, the Reclamation Bureau is considering a plan that would take water away from Oregon, Washington, and Idaho. It is important that the people of those States realize the true sources of the scheme to divert water outside their State boundaries.
>
> It is a program that originated with, and is sponsored by, the Reclamation Bureau. The people of California are not parties to this proposal. California has no aspiration to any water belonging to Washington, Oregon, or Idaho, or any other State.

The lists of protests from California representatives and officials against the Columbia scheme is long and impressive. It certainly should give assurance to the representatives of the people of the Northwest that California has no part in, and does not endorse, such a proposal.

The facts of the matter are this: The people of southern California, at their own expense, have built dams, aqueducts, and canals costing more than half a billion dollars to bring their legal share of Colorado River water to their cities and farms. Southern California was awarded this Colorado River water in contracts with the Federal Government, approved by the Congress.

Now the State of Arizona and the Reclamation Bureau want to take an enormous part of California's share of Colorado River water for a fantastic, unfeasible project in Arizona. The proposed Arizona project would cost more than a billion dollars to build, and would mean a loss in interest to the Nation's taxpayers of an additional $2,000,000,000.

There is no Colorado River water available for this Arizona project. So the Reclamation Bureau, with no doubt, the support of Arizona, has proposed the Columbia River diversion. This, they say, would give California her vitally needed water, and then Arizona could have California's share of the Colorado River.

That is the scheme. California is having none of it. California believes that its legal share of Colorado River, if protected, will be adequate for California's foreseeable needs and California will fight to preserve those legal rights against any attack. California is not looking to the Columbia and Snake Rivers for additional water.

Mr. POULSON. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from California.

Mr. POULSON. Is it not true, in in addition to the fact that we are not a party to any such plan, that we have also paid for all of the water which we are receiving and which we expect to receive? We paid for the aqueduct.

Mr. HOLIFIELD. That is right.

Mr. POULSON. We paid for all of the facilities of the dam, but this project would be so unfeasible, impracticable, and absolutely fantastic that it is beyond comprehension.

Mr. HOLIFIELD. Which project is the gentleman referring to, the Columbia River project or the Arizona project?

Mr. POULSON. The project would even be worse than that fantastic project. The Columbia River project would cost at least 10 to 12 billion dollars, whereas the Arizona project would cost only $2,000,000,000.

Mr. HOLIFIELD. Of course, the engineering difficulties are tremendous, we realize that, and then, too, there are the great number of miles over which the water would have to be carried.

Mr. POULSON. Some 1,200 miles.

Mr. HOLIFIELD. Sometime in the future it might be that such a thing might become necessary, but at this time California says that we want to protect that which we legally believe to be ours; we want to be sure that we get that which is ours and we do not want to have any type of scheme raised which will throw up a smoke screen and will indicate that California is trying to grab something which is far beyond her borders, across even another State, across the State of Oregon into Washington.

Mr. POULSON. Is it not true that the great Northwest has a great need for all of this power and water? There are great undeveloped areas of land out there.

Mr. HOLIFIELD. At the present time there is a great deal of surplus water going down the Columbia into the ocean, but it is so far away from California that the Colorado River water is the thing we are interested in now.

Mr. JACOBS. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Indiana.

Mr. JACOBS. Of course, I do not know anything about the controversy between Arizona and California, but I have an interest in it in this respect, that I have a publisher in my district who publishes two large daily newspapers in Arizona.

Mr. POULSON. Mr. Pulliam, is it not?

Mr. JACOBS. Yes, Mr. Eugene Pulliam. On April 11 of this year Mr.

exactly the truth. He had not talked the matter over with me at all. This was on July 1. He had introduced his resolution on June 12.

I think Chairman Welch, the Honorable Richard A. Welch, was one of the best-informed men on the West, one of the best and stanchest defenders of the rights of California we ever had in the House. I think he knew California both north of the Tehachapi and south of the Tehachapi and all the water needs of California. I do know he did mention southern California and spoke of the dry situation all the way south from the Bay of San Francisco to Mexico.

Certainly on the floor of the House on June 12 as shown by the RECORD, and again in the committee on June 23, showed he was distressed that the southern portion of California from the Golden Gate to the Bay of San Francisco was in need of water. That was in 1947 at the time of the worst drought.

Now, hear me. I want to disclaim any part in hatching a scheme, then or later, to drag water from the Columbia River into California or any place else in order to give my own Arizona claims for water a little advantage. I have had no part in that. I am sure my colleagues from those States know it. I do not know whether anybody else has or not; I cannot speak for them but I do make that assertion for myself and I am sure Chairman Welch had no such part.

Mr. WHITE of California. Mr. Speaker, will the gentleman yield?

Mr. MURDOCK. I yield.

Mr. WHITE of California. I wish to call the gentleman's attention to the fact that a group of Congressmen from California called on the President of the United States the other day in connection with a certain matter; and, much to their surprise the President, when he had finished the first matter, asked them what they were going to do about the water shortage in California. They said: "We are working on it, Mr. President." And again to their surprise the President pulled out a folder and went into the proposition of bringing Columbia River water to California in such a manner and with such remarks as to leave no doubt about his being in favor of the project. So the gentleman from Arizona is entirely innocent of any conniving to help his proposition in Arizona. The water is needed not only in southern California, but in the central and coastal valleys of California as well, and I for one am going to do my best to have our water supply increased.

Mr. MURDOCK. I thank the gentleman. I am positive that even after we have gone further a hundred years hence to the extent of developing the great Central Valley of California to the full, as we hope to do—maybe not in my lifetime or yours, but as we hope to do—even when we have developed every drop of water that is available in the great Central Valley of California and prevented the escape of 30,000,000 acre-feet of fresh water through the Golden Gate, even then there will be dry acres within the Central Valley. I am talking now about the region north of the Tehachapi.

So I do not regard tapping the Columbia River near its mouth as a wild scheme by any means. That is what Dick Welch wanted to do in this study.

I am glad to hear authoritatively from south of the Tehachapi that they do not need more water imported, that they now have water rights and developments that will be sufficient including what you regard as your legal right in the Colorado River. I believe that that is true. I believe if California observes her solemn covenant in her Self Limitation Act of March 4, 1929, and stays within her limit of apportioned water, she will have enough south of the Tehachapi Mountains.

Mr. HOLIFIELD. Mr. Speaker, will the gentleman yield?

Mr. MURDOCK. I am sorry. Let me finish my statement. I agree that California is entitled to about 4,400,000 acre-feet annually but you have contracts for much more water. The Legislature of California, obeying the behest of the Act of Congress of 1928, covenanted in her act of March 4, 1929, placed a ceiling upon water to be taken by California from the Colorado River, which amount almost entirely is 4,400,000 acre-feet of water under section 3 (a) of the Colorado River compact. Your total contracts for 5,362,000 acre-feet are far beyond your legal share. They are not firm contracts and the high court will not recognize them as such. I pray for a final and definite decision by the Supreme Court. Now, you are legally entitled to 4,400,000 acre-feet of firm water in California from the Colorado River but you have contracts signed by Secretary Ray Lyman Wilbur in 1932 totaling 5,362,000 acre-feet. Those are your so-called contract rights, but they are subject to being scaled down by law and they total more than southern California needs from the Colorado River.

The SPEAKER. The time of the gentleman from Arizona has expired.

PERMISSION TO ADDRESS THE HOUSE

Mr. POULSON. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

CALIFORNIA REPUDIATES COLUMBIA RIVER DIVERSION PLAN

Mr. HOLIFIELD. Mr. Speaker, will the gentleman yield?

Mr. POULSON. I yield to the gentleman from California.

Mr. HOLIFIELD. I would like to say that I am very sorry my colleague from California [Mr. HAVENNER] thought that anything I said in my remarks cast any reflection on our late esteemed colleague, Mr. Richard Welch. A careful perusal of my words tomorrow will show there was nothing in the world in those remarks except straight facts. I merely stated the fact that the committee had reported this resolution and that the House had taken no action on it, that the Reclamation Department of the Department of the Interior was using that as an authorization to make a survey. Personally, I am not quarreling with that. I just want the facts to remain very clear and plain. I cast no aspersion on my late friend, Mr. Welch.

Mr. POULSON. I think we all understand that. I know I feel the same way. I want to say to my esteemed colleague from Arizona [Mr. MURDOCK] that I never, and I know the gentleman from California [Mr. HOLIFIELD] never accused the gentleman of entering into any plot. Personally, if I were to make any accusation I would say it probably originated with Mr. Straus in trying to influence something along that line.

Mr. HOLIFIELD. I want to join with my colleague in that remark.

Mr. POULSON. I may also say to the gentleman from Arizona [Mr. MURDOCK] that he is correct. It is not right to take water from someone else the water belonged to, especially until we knew they had completed their developments up there; therefore it was out of line for the State of California to do that because the water authorities of southern California have told us we will have sufficient water provided we get the water which we are legally entitled to in the Colorado River.

PERMISSION TO ADDRESS THE HOUSE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

TRIBUTE TO REAR ADM. ROSCOE H. HILLENKOETTER, DIRECTOR OF CENTRAL INTELLIGENCE

Mr. McCORMACK. Mr. Speaker, Rear. Adm. Roscoe H. Hillenkoetter was born in St. Louis, Mo., in 1897, and was appointed to the Naval Academy from that State. As a midshipman he served with the Atlantic fleet in the First World War, and was graduated from Annapolis with distinction, twentieth in his class, in June 1919. Admiral Hillenkoetter made steady progress in grade, and was promoted to rear admiral on November 28, 1946. He has served in all types of naval craft, including submarines, and was the executive officer of the battleship *West Virginia* when she was attacked and sunk at Pearl Harbor. After the cessation of hostilities, Admiral Hillenkoetter assumed command of the battleship *Missouri* and was in command when the *Missouri* transported the body of the Turkish Ambassador back to Turkey, as well as on its subsequent Mediterranean tour.

Admiral Hillenkoetter has had a long and distinguished career in the field of intelligence. From 1933 until 1935 he was the assistant naval attaché in Paris, and resumed that post in April 1938 with additional duty as assistant naval attaché in Madrid and Lisbon. He served as naval attaché under Admiral Leahy in Vichy, France, until 1941. During the war Admiral Hillenkoetter was chief intelligence officer on the staff of Admiral Nimitz, commander in chief, Pacific ocean areas. In 1946 he returned to Paris as the naval attaché, and served in that position until assuming the di-

AMENDMENT OF RAILWAY RETIREMENT ACT—RESOLUTION OF SYSTEM FEDERATION NO. 101, ST. PAUL, MINN.

Mr. LANGER. Mr. President, I am in receipt of a letter from Clyde A. Brittan, secretary-treasurer of System Federation No. 101, St. Paul, Minn., transmitting a resolution adopted by that federation, in convention assembled in the city of Spokane, Wash., June 28 and 29, 1950, favoring the enactment of Senate bill 3295, to amend the Railway Labor Act to make it possible for railway labor organizations to bargain for some form of union security. I present the letter and resolution for appropriate reference, and ask unanimous consent that they be printed in the RECORD.

There being no objection, the letter and resolution were referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

SYSTEM FEDERATION No. 101,
St. Paul, Minn., August 24, 1950.

Hon. WILLIAM LANGER,
United States Senate Office Building, Washington, D. C.

DEAR SENATOR: Attached is a copy of a resolution endorsed by Great Northern System Federation No. 101, Railway Employees' Department, A. F. of L., in convention assembled in the city of Spokane, Wash., June 28 and 29, 1950.

This resolution calls for support of Senate bill S. 3295 which has for its purpose the amending of the Railway Labor Act to make it possible for railroad men to secure some form of union shop.

We hope that you will give this bill your favorable consideration.

Respectfully yours,

CLYDE A. BRITTAN,
Secretary-Treasurer.

RESOLUTION NO. 7

Whereas the amended Railway Labor Act contains certain prohibitions which deny the railway workers the right to negotiate with their management for any form of union security; and

Whereas the Labor-Management Relations Act (Taft-Hartley Act) permits labor organizations under certain conditions to bargain for some form of union security; and

Whereas the amended Railway Labor Act imposes an obligation upon the collective bargaining agent to represent, negotiate for and protect the interests of nonunion railway employees without imposing any obligation whatsoever on a nonunion railway employee to pay his fair share of the cost of union representation: Therefore be it

Resolved, That System Federation No. 101 in convention assembled in the city of Spokane, Wash., June 28 and 29, endorse Senate bill S. 3295 and House of Representatives bill H. R. 7789 which have for their purpose the amending of the Railway Labor Act to make it possible for railway labor organizations to bargain for some form of union security, and be it further

Resolved, That copies of this resolution be forwarded to all United States Senators and Congressmen of the 10 Northwest States through which the Great Northern Railway operates, and to the executive board members of the Railway Employees' Department, A. F. of L., and to the offices of the presidents of all the affiliated international unions.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. O'MAHONEY, from the Committee on Interior and Insular Affairs:

H. R. 163. A bill to authorize Sacramento Valley irrigation canals, Central Valley project, Calif.; with an amendment (Rept. No. 2447); and

H. R. 1662. A bill authorizing the Secretary of the Interior to acquire on behalf of the United States Government all property and facilities of the Rainer National Park Company; without amendment (Rept. No. 2448).

By Mr. HUNT:

From the Committee on Armed Services:

S. 4029. A bill to amend the Selective Service Act of 1948, as amended, and for other purposes; with amendments (Rept. No. 2449).

From the Committee on the District of Columbia:

H. R. 8797. A bll to exempt property of the Young Men's Christian Association of the city of Washington (incorporated under the act of Congress of June 28, 1864, 13 Stat. L. 411) from taxation; with amendments (Rept. No. 2451).

By Mr. GREEN, from the Committee on Foreign Relations:

H. J. Res. 334. Joint resolution to amend certain laws providing for membership and participation by the United States in certain international organizations; with an amendment (Rept. No. 2450).

By Mr. LEAHY, from the Committee on the District of Columbia:

S. 4036. A bill to provide for the exchange of certain national park land situated in the District of Columbia for certain lands owned by the New Temple Committee, Inc.; with an amendment (Rept. No. 2452);

H. R. 7240. A bill to amend the act entitled "An act to regulate barbers in the District of Columbia, and for other purposes," approved June 7, 1938, and for other purposes; without amendment (Rept. No. 2453); and

H. R. 8710. A bill to provide for the improvement of stadium facilities at the Eastern Senior High School in the District of Columbia; with amendments (Rept. No. 2454).

By Mr. KEFAUVER, from the Committee on the District of Columbia:

S. 2362. A bill to provide for flight experience for certain students in the senior high schools of the District of Columbia; with an amendment (Rept. No. 2455).

STATEHOOD FOR HAWAII—SUPPLEMENTAL REPORT OF A COMMITTEE (PT. 2 OF REPT. NO. 1928)

Mr. O'MAHONEY, from the Committee on Interior and Insular Affairs, submitted a supplemental report on the bill (H. R. 49) to enable the people of Hawaii to form a constitution and State government and be admitted into the Union on an equal footing with the original States, heretofore reported from that committee with amendments, which was ordered to be printed as part 2 of Report No. 1928.

INTERNAL SECURITY—MINORITY VIEWS (PT. 2 OF REPT. NO. 2369)

Mr. KILGORE (for himself, Mr. GRAHAM, and Mr. LANGER), members of the Committee on the Judiciary, submitted, pursuant to authority of the Senate of August 25, 1950, minority views on the bill (S. 4037) to protect the internal security of the United States, and for other purposes, which were ordered to be printed as part 2 of Report No. 2369.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, August 28, 1950, he presented to the President of the United States the following enrolled bills:

S. 2484. An act to authorize the Secretary of Commerce to provide war risk and certain marine and liability insurance; and

S. 3724. An act for the relief of Maria Sulikowska Forbes.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. FERGUSON:

S. 4099. A bill to authorize the payment by the Administrator of Veterans' Affairs of a gratuitous indemnity to survivors of members of the Armed Forces who die in active service and for other purposes; to the Committee on Finance.

S. 4100. A bill to grant succession to the War Damage Corporation; to the Committee on Banking and Currency.

By Mr. LANGER:

S. 4101. A bill for the relief of Alex Abdul Ghane Tassie; to the Committee on the Judiciary.

By Mr. HUMPHREY:

S. 4102. A bill relating to contracts for the transmission of mail by pneumatic tubes or other mechanical devices; to the Committee on Post Office and Civil Service.

PRINTING OF ADDITIONAL COPIES OF PUBLIC LAW 734, THE SOCIAL SECURITY ACT AMENDMENTS OF 1950

Mr. GEORGE submitted the following resolution (S. Res. 339), which was referred to the Committee on Rules and Administration:

Resolved, That there be printed 25,000 additional copies of Public Law 734, Eighty-first Congress, second session, the Social Security Act Amendments of 1950, of which 5,000 copies shall be for the Senate document room and 20,000 copies for the House document room.

REVENUE ACT OF 1950—AMENDMENTS

Mr. FLANDERS submitted an amendment intended to be proposed by him to the bill (H. R. 8920) to reduce excise taxes, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. HUNT submitted an amendment intended to be proposed by him to House bill 8920, supra, which was ordered to lie on the table and to be printed.

Mr. BUTLER submitted amendments intended to be proposed by him to House bill 8920, supra, which were ordered to lie on the table and to be printed.

AMENDMENT OF HOME OWNERS' LOAN ACT OF 1933, RELATING TO FEDERAL SAVINGS AND LOAN ASSOCIATIONS—AMENDMENT

Mr. FREAR submitted an amendment intended to be proposed by him to the bill (S. 2006) to amend the Home Owners' Loan Act of 1933, with respect to Federal savings and loan associations.

which was ordered to lie on the table and to be printed.

DEFENSE PRODUCTION ACT OF 1950—CHANGE IN CONFEREE

Mr. MAYBANK. Mr. President, the junior Senator from New Hampshire [Mr. TOBEY] has advised me that he will be unable to serve as a conferee on the control bill, and I ask he be excused and that the senior Senator from New York [Mr. IVES] be appointed in his place.

The VICE PRESIDENT. The Chair appoints as a conferee on the part of the Senate the Senator from New York [Mr. IVES] in place of the Senator from New Hampshire [Mr. TOBEY], on the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

HOUSE BILLS AND JOINT RESOLUTION REFERRED OR PLACED ON CALENDAR

The following bills and joint resolution were severally read twice by their titles, and referred, or ordered to be placed on the calendar, as indicated:

H. R. 3463. An act for the relief of Mr. and Mrs. Fred A. Fletcher;

H. R. 3666. An act for the relief of the Lillington Roller Mills, Inc.;

H. R. 4365. An act for the relief of Fe'R. Dumaguing;

H. R. 5022. An act for the relief of Henry Leonard Hoffmann;

H.R. 6106. An act for the relief of Daniel Kokal;

H. R. 6528. An act for the relief of the Western Chemical & Manufacturing Co.;

H. R. 6990. An act for the relief of Christina Karamanos Demas and Antonia Karamanos Demas;

H. R. 7095. An act for the relief of Rosette Selina Romano, a minor;

H. R. 8152. An act for the relief of Guy Thomas and others;

H. R. 8337. An act for the relief of William A. Hogan;

H. R. 8362. An act for the relief of Bernard Croft;

H. R. 8687. An act for the relief of Angelo Messina; and

H. R. 9144. An act for the relief of Mrs. Olga Kowalik and Czeslawa Kowalik; to the Committee on the Judiciary.

H. R. 8136. An act for the relief of Joseph Umberto Montalban-Troy; and

H. R. 9434. An act for the relief of Christina Shalfeieff; ordered to be placed on the calendar.

H. R. 9526. An act making supplemental appropriations for the fiscal year ending June 30, 1951, and for other purposes; to the Committee on Appropriations.

H. J. Res. 511. Joint resolution providing for recognition and endorsement of the Inter-American Cultural and Trade Center; to the Committee on Foreign Relations.

ADDRESS BY LOUIS JOHNSON, SECRETARY OF DEFENSE, BEFORE AMERICAN LEGION CONVENTION AT CHARLESTON, W. VA.

[Mr. KILGORE asked and obtained leave to have printed in the RECORD the address delivered by Hon. Louis Johnson, Secretary of Defense, before the American Legion convention, Department of West Virginia, Charleston, W. Va., August 26, 1950, which appears in the Appendix.]

AVAILABILITY OF ELECTRIC POWER FOR AMERICAN INDUSTRY—STATEMENT BY JAMES W. PARKER

[Mr. FERGUSON asked and obtained leave to have printed in the RECORD a statement by James W. Parker, president, Detroit-Edison Co., respecting availability of electric power for American industry, which appears in the Appendix.]

MESSAGE FROM THE MANAGEMENT TO EVERYONE IN THE LA SALLE NATIONAL BANK

[Mr. FLANDERS asked and obtained leave to have printed in the RECORD a message to everyone in the La Salle National Bank, of Chicago, from the chairman of the board and president of the bank, which appears in the Appendix.]

WHAT CAN WE AMERICANS DO TO START A "MARSHALL PLAN OF IDEAS"—TOLEDO BLADE ADVERTISEMENT

[Mr. FLANDERS asked and obtained leave to have printed in the RECORD a Toledo Blade advertisement entitled "What Can We Americans Do To Start a 'Marshall Plan of Ideas'," published in the Paris edition of the Herald-Tribune, which appears in the Appendix.]

LET THE CHURCH SPEAK UP FOR CAPITALISM—ARTICLE BY DR. NORMAN VINCENT PEALE

[Mr. SMITH of New Jersey asked and obtained leave to have printed in the RECORD an article entitled "Let the Church Speak Up for Capitalism," written by Dr. Norman Vincent Peale, and published in Readers Digest for September 1950, which appears in the Appendix.]

IS HISTORY REPEATING ITSELF ON SHIPPING LEGISLATION?—ARTICLE FROM THE SHIPPING SURVEY

[Mr. O'CONOR asked and obtained leave to have printed in the RECORD an article entitled "Is History Repeating Itself on Shipping Legislation?" from Shipping Survey for August 1950, which appears in the Appendix.]

THE WAR AND WOOL—ARTICLE FROM THE WYOMING WOOL GROWER

[Mr. HUNT asked and obtained leave to have printed in the RECORD an article entitled "The War and Wool," published in the August 17, 1950, issue of the Wyoming Wool Grower, which appears in the Appendix.]

AS 1960 SEES US—EDITORIAL FROM THE SATURDAY REVIEW OF LITERATURE

[Mr. KEFAUVER asked and obtained leave to have printed in the RECORD an editorial entitled "As 1960 Sees Us," published in the Saturday Review of Literature for August 5, 1950, which will appear hereafter in the Appendix.]

CONTRIBUTIONS TO VOLUNTEER FIRE COMPANIES

Mr. ROBERTSON. Mr. President, I ask unanimous consent that I may proceed for 1 minute to make an announcement.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Virginia may proceed.

Mr. ROBERTSON. Mr. President, several months ago a Virginian constituent brought to my attention that the Bureau of Internal Revenue in the examination of income-tax returns was disallowing contributions made to volunteer fire companies, notwithstanding three definite rulings on the point by the Tax Court and one by a circuit court of appeals. On the 22d of August the Secretary of the Treasury sent a letter to the chairman of the Committee on Finance, with whom I had previously discussed the matter. The Secretary said the Bureau of Internal Revenue would recognize the decisions of the Tax Court, and that contributions to voluntary fire companies, without which, of course, they cannot function, would be recognized as gifts to charities, which are deductible under the income-tax law.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. GEORGE. I entered directly into the RECORD the letter from the Secretary of the Treasury confirming precisely what the distinguished Senator has said.

Mr. ROBERTSON. I thank the distinguished chairman of the Committee on Finance for his fine assistance in this matter, because it is a subject in which every State is interested.

GENERAL MACARTHUR'S MESSAGE ON FORMOSA

Mr. WHERRY. Mr. President, in the press and over the radio we hear reports of President Truman's order putting a gag on Gen. Douglas MacArthur's message on Formosa to the meeting of the Veterans of Foreign Wars in Chicago yesterday. Such action is outrageous and will be resented by every American.

Apparently there are fundamental differences over Far East American policy between Secretary of State Dean Acheson and General MacArthur, but General MacArthur, as a good soldier, is obeying and carrying out the orders of the Commander in Chief as dished up to him by the bungling Acheson.

General MacArthur knows more about what needs to be done in the Far East to correct the mistakes of Secretary Acheson than anyone in the Truman administration. And the American people have complete confidence in General MacArthur's judgment.

For years I have been trying to find a way for General MacArthur to come home and make a report to the Congress and the American people on conditions in the Far East, but always I have been handed a lateral pass by the administration.

The present, in view of the war in Korea, may not be opportune for General MacArthur to return; but a radio address by him from Tokyo to the American people is definitely in order to clarify the present muddled situation.

The vagueness and complete lack of direction to the administration's policies in the Far East are intolerable at a time when our boys are fighting and dying in Korea. Only our faith in the rugged Americanism of General MacArthur buoys our hopes in that conflict. Let us hear from General MacArthur, and woe to him who dares say he shall not speak.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Debate is not in order. Under the unanimous-consent agreement under which we are proceeding at this time, debate is not in order.

81st Congress } HOUSE OF REPRESENTATIVES { Report
2d Session } { No. 3042

DEFENSE PRODUCTION ACT OF 1950

August 31, 1950.—Ordered to be printed

Mr. Spence, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 9176]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act, divided into titles, may be cited as the "Defense Production Act of 1950".*

TABLE OF CONTENTS

Title I. Priorities and allocations.
Title II. Authority to requisition.
Title III. Expansion of productive capacity and supply.
Title IV. Price and wage stabilization.
Title V. Settlement of labor disputes.
Title VI. Control of consumer and real estate credit.
Title VII. General provisions.

DECLARATION OF POLICY

Sec. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is

pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively, the requirements of military programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use, within the framework, as far as practicable, of the American system of competitive enterprise.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

SEC. 102. In order to prevent hoarding, no person shall accumulate (1) in excess of the reasonable demands of business, personal, or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices, materials which have been designated by the President as scarce materials or materials the supply of which would be threatened by such accumulation. The President shall order published in the Federal Register, and in such other manner as he may deem appropriate, every designation of materials the accumulation of which is unlawful and any withdrawal of such designation. This section shall not be construed to limit the authority contained in section 101 of this Act.

SEC. 103. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

TITLE II—AUTHORITY TO REQUISITION

SEC. 201. (a) Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or

facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that all other means of obtaining the use of such property for the defense of the United States upon fair and reasonable terms have been exhausted, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall promptly determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall be paid promptly 75 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, without regard to whether the amount involved exceeds $10,000, in any district court of the United States, within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation.

(b) Whenever the President determines that any real property acquired under this title and retained is no longer needed for the defense of the United States, he shall, if the original owner desires the property and pays the fair value thereof, return such property to the owner. In the event the President and the original owner do not agree as to the fair value of the property, the fair value shall be determined by three appraisers, one of whom shall be chosen by the President, one by the original owner, and the third by the first two appraisers; the expenses of such determination shall be paid in equal shares by the Government and the original owner.

(c) Whenever the need for the national defense of any personal property requisitioned under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: Provided, That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. (a) In order to expedite production and deliveries or services under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement for the national defense as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relat-

ing to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be necessary to expedite production and deliveries or services under Government contracts for the procurement of materials or the performance of services for the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents under authority of or pursuant to this section shall be subject to the supervision of the President, and to such regulations as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 302. To expedite production and deliveries or services to aid in carrying out Government contracts for the procurement of materials or the performance of services for the national defense, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises (including research corporations not organized for profit) for the expansion of capacity, the development of technological processes, or the production of essential materials, including the exploration, development, and mining of strategic and critical metals and minerals. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels for Government use or for resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: Provided, however, That purchases for resale under this subsection shall not include agricultural commodities except insofar as such commodities may be purchased for resale for industrial uses or stockpiling, and no agricultural commodity shall be sold for such purposes at less than the higher of the following: (i) the current market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress.

(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined, any materials procured under this section.

(d) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes, or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install Government-owned equipment in plants, factories, and other industrial facilities owned by private persons.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize such existing departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new agencies (other than corporations).

(b) Any agency created under this section, and any department, agency, official, or corporation utilized pursuant to this section is authorized, subject to the approval of the President, to borrow from the Treasury of the United States, such sums of money as may be necessary to carry out its functions under sections 302 and 303: Provided, That the total amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of $600,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this subsection, the borrower may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at its option before maturity in such manner as may be stipulated in such obligations. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations. The Secretary of the Treasury is authorized and directed to purchase such

obligations and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of obligations hereunder.

(c) In addition to the sums authorized to be borrowed under subsection (b), there is hereby authorized to be appropriated to carry out the purposes of sections 302 and 303, such sums, not in excess of $1,400,000,000, as may be necessary therefor.

TITLE IV—PRICE AND WAGE STABILIZATION

SEC. 401. It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: To prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of Congress that the authority conferred by this title shall be exercised in accordance with the policies set forth in section 2 of this Act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

SEC. 402. (a) In order to carry out the objectives of this title, the President may encourage and promote voluntary action by business, agriculture, labor and consumers. In proceeding under this subsection the President may exercise the authority to approve voluntary programs and agreements conferred on him under section 708, and may utilize the services of persons and agencies as provided in section 710.

(b) (1) To the extent that the objectives of this title cannot be attained by action under subsection (a), the President may issue regulations and orders establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service, and at the same time shall issue regulations and orders stabi-

lizing wages, salaries, and other compensation in accordance with the provisions of this subsection.

(2) Action under this subsection may be taken either with respect to individual materials and services and to individual types of employment, or with respect to materials, services, and types of employment generally. A ceiling may be established with respect to an individual material or service only when the President finds that (i) the price of the material or service has risen or threatens to rise unreasonably above the price prevailing during the period from May 24, 1950 to June 24, 1950, (ii) such price increase will materially affect the cost of living or the national defense, (iii) the imposition of such ceiling is necessary to effectuate the purposes of this Act, (iv) it is practicable and feasible to impose such ceiling, and (v) such ceiling will be generally fair and equitable to sellers and buyers of such material or service and to sellers and buyers of related or competitive materials and services.

(3) Whenever a ceiling has been imposed with respect to a particular material, or service, the President shall stabilize wages, salaries and other compensation in the industry or business producing the material or performing the service.

(4) Whenever ceilings on prices have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living, the President (i) shall impose ceilings on prices and services generally, and (ii) shall stabilize wages, salaries, and other compensation generally.

(5) In stabilizing wages under paragraph (3) of this subsection, the President shall issue regulations prohibiting increases in wages, salaries, and other compensation which he deems would require an increase in the price ceiling or impose hardships or inequities on sellers operating under the price ceiling.

(c) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. The President shall also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this Act. In determining and adjusting ceilings on prices with respect to materials and services, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or service, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or by persons performing the service, subsequent to June 24, 1950. In stabilizing and adjusting wages, salaries, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such wages, salaries, or other compensation. Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable

and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order. The President, in establishing and adjusting ceilings with respect to materials and services, and in stabilizing and adjusting wages, salaries, and other compensation, shall make such adjustments as he deems necessary to prevent or correct hardships or inequities.

(d) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except as provided in this subsection; but the President shall make appropriate provision to prevent hardships and inequities to sellers who have bona fide contracts in effect on the date of issuance of any such regulation or order for future delivery of materials in which seasonal demands or normal business practices require contracts for future delivery.

(2) No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor Management Relations Act, 1947, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

(3) No ceiling shall be established or maintained for any agricultural commodity below the highest of the following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the highest price received by producers during the period from May 24, 1950, to June 24, 1950, inclusive, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (iii) in the case of any commodity for which the market was not active during the period May 24 to June 24, 1950, the average price received by producers during the most recent representative period prior to May 24, 1950, in which the market for such commodity was active as determined and adjusted by the Secretary of Agriculture to a level in line with the level of prices received by producers for agricultural commodities generally during the period May 24 to June 24, 1950, and adjusted by the Secretary for grade, location, and seasonal differentials, or (iv) in the case of fire-cured tobacco a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 75 per centum of the parity price of Burley tobacco of the corresponding crop, and in the case of dark air-cured tobacco and Virginia sun-cured tobacco, respectively, a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 66⅔ per centum of the parity price of Burley tobacco of the corresponding crop. No ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in this subsection: Provided, That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing. Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity pro-

cessed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural commodity; and in establishing the ceiling (1) for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this Act and for which different areas have different periods of marketing during such season or (2) for any agricultural commodity produced for the same general use as a commodity described in (1), the President shall give due consideration to affording equitable treatment to all producers of the commodity for which the ceiling is being established. Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act. Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher: Provided, however, That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas.

(e) The authority conferred by this title shall not be exercised with respect to the following:

(i) Prices or rentals for real property;

(ii) Rates or fees charged for professional services;

(iii) Prices or rentals for (a) materials furnished for publication by any press association or feature service, or (b) books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities;

(iv) Rates charged by any person in the business of selling or underwriting insurance;

(v) Rates charged by any common carrier or other public utility: Provided, That no common carrier or other public utility shall at any time after the President shall have issued any stabilization regulations and orders under subsection (b) make any increase in its charges for property or services sold by it for resale to the public, for which application is filed after the date of issuance of such stabilization regulations and orders, before the Federal, State or Municipal authority having jurisdiction to

consider such increase, unless it first gives 30 days' notice to the President, or such agency as he may designate, and consents to the timely intervention by such agency before the Federal, State or Municipal authority having jurisdiction to consider such increase;

(vi) Margin requirements on any commodity exchange.

(f) The President, in or by any regulation or order, may provide exemptions for any materials or services, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials or services, or transactions therein, or that compensation for such types of employment be stabilized, in order to effectuate the purposes of this title.

(g) The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, or requirement under this title.

(h) Nothing in this title shall be construed (1) as authorizing the elimination or any restriction of the use of trade and brand names; (2) as authorizing the President to require the grade labeling of any materials; (3) as authorizing the President to standardize any materials or services, unless the President shall determine, with respect to such standardization, that no practicable alternative exists for securing effective price control with respect to such materials or services; or (4) as authorizing any order of the President establishing price ceilings for different kinds, classes, or types of material or service which are described in terms of specifications or standards, unless such specifications or standards were, prior to such order, in general use in the trade or industry affected, or have previously been promulgated and their use lawfully required by another Government agency.

(i) No rule, regulation, or order issued under this title shall require any seller of materials at retail to limit his sales with reference to any highest price line offered for sale by him at any prior time.

SEC. 403. At such time as the President determines that it is necessary to impose price and wage controls generally over a substantial portion of the national economy, he shall administer such controls, and rationing at the retail level of consumer goods for household and personal use under authority of Title I of this Act (when and to the extent that he exercises such authority), through a new independent agency created for such purpose. Such agency may utilize the services, information, and facilities of other agencies and departments of the Government, but such agency shall not delegate enforcement of any of the controls to be administered by it under this section to any other agency or department.

SEC. 404. In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

SEC. 405. (a) It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing.

(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

SEC. 406. Nothing in this title shall be construed to require any person to sell any material or service, or to perform personal services.

SEC. 407. (a) At any time within six months after the effective date of any regulation or order relating to price controls under this title, or, in the case of new grounds arising after the effective date of any such regulation or order relating to price controls, within six months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than thirty days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

(b) In the administration of this title the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of this Act.

(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: Provided, however, That upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

(*d*) *Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.*

Sec. 408. (*a*) *Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: Provided, That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by the President, any such evidence shall be presented directly to the court.*

(*b*) *No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection* (*d*) *within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.*

(*c*) *The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The*

court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation or order relating to price controls issued under this title. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title.

(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order relating to price controls issued under this title, and of any provision of any such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order relating to price controls, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

(e) (1) Within thirty days after arraignment, or such additional time as the court may allow for good cause shown, in any criminal proceeding, and within five days after judgment in any civil or criminal proceeding, brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code, involving alleged violation of any provision of any regulation or order relating to price controls issued under this title, the defendant may apply to the court in which the proceeding is pending for leave to file in the Emergency Court of Appeals a complaint against the President setting forth objections to the validity of any provision which the defendant is alleged to have violated or conspired to violate. The court in which the proceeding is pending shall grant such leave with respect to any objection which it finds is made in good faith and with respect to which it finds there is reasonable and substantial excuse for the defendant's failure to present such objection in a protest filed in accordance with section 407 of this title. Upon the filing of a complaint pursuant to and within thirty days from the granting of such leave, the Emergency Court of Appeals shall have jurisdiction to enjoin or set aside in whole or in part the provision of the regulation or order complained of or to dismiss the complaint. The court may authorize the introduction of evidence, either to the President or directly to the court, in accordance with subsection (a) of this section. The provisions of subsections (b), (c), and (d) of this section shall be applicable with respect to any proceeding instituted in accordance with this subsection.

(2) In any proceeding brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code, involving an alleged

violation of any provision of any such regulation or order, the court shall stay the proceeding—

(i) during the period within which a complaint may be filed in the Emergency Court of Appeals pursuant to leave granted under paragraph (1) of this subsection with respect to such provision;

(ii) during the pendency of any protest properly filed by the defendant under section 407 of this title prior to the institution of the proceeding under section 409 or 706 of this Act or section 371 of title 18, United States Code, setting forth objections to the validity of such provision which the court finds to have been made in good faith; and

(iii) during the pendency of any judicial proceeding instituted by the defendant under this section with respect to such protest or instituted by the defendant under paragraph (1) of this subsection with respect to such provision, and until the expiration of the time allowed in this section for the taking of further proceedings with respect thereto.

Notwithstanding the provisions of this paragraph, stays shall be granted thereunder in civil proceedings only after judgment and upon application made within five days after judgment. Notwithstanding the provisions of this paragraph, in the case of a proceeding under section 409 (a) or 706 (a) of this Act the court granting a stay under this paragraph shall issue a temporary injunction or restraining order enjoining or restraining, during the period of the stay, violations by the defendant of any provision of the regulation or order involved in the proceeding. If any provision of a regulation or order is determined to be invalid by judgment of the Emergency Court of Appeals which has become effective in accordance with section 408 (b) of this title, any proceeding pending in any court shall be dismissed, and any judgment in such proceeding vacated, to the extent that such proceeding or judgment is based upon violation of such provision. Except as provided in this subsection, the pendency of any protest under section 407 of this title, or judicial proceeding under this section, shall not be grounds for staying any proceeding brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code; nor, except as provided in this subsection, shall any retroactive effect be given to any judgment setting aside a provision of a regulation or order issued under this title.

Sec. 409. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 405 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than one year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion cause appropriate proceedings to be brought.

(c) *If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material or service for use or consumption other than in the course of trade or business may, within one year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus $10,000, or (2) an amount not less than $25 nor more than $50 as the court in its discretion may determine: Provided, however, That such amount shall be the amount of the overcharge or overcharges if the defendant proves that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such one-year period, or compromise with the seller the liability which might be assessed against the seller in such an action. If such action is instituted, or such liability is compromised by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages, or a compromise, under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered, or prior to such compromise. The President may not institute any action under this subsection on behalf of the United States—*

(1) if the violation arose because the person selling the material or service acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

(2) if the violation arose out of the sale of any material or service to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

Sec. 410. Each contract providing for the purchase of processed chickens or turkeys by any department or agency of the United States from any contractor, entered into at any time when ceiling prices are in effect under this Act for whichever of such fowl is covered by such contract, shall contain the following provision (with such change as may be necessary to describe the fowl covered by the contract):

"The contractor represents that the contract price is based upon an estimated price paid to the producers for live chickens or live turkeys to be processed hereunder. In the event and to the extent that the actual price

paid to the producers of live chickens or live turkeys purchased for the performance of this contract is less than such estimated price, the contract price shall be reduced by the same number of cents or fraction thereof, per pound."

TITLE V

SETTLEMENT OF LABOR DISPUTES

SEC. 501. It is the intent of Congress, in order to provide for effective price and wage stabilization pursuant to title IV of this Act and to maintain uninterrupted production, that there be effective procedures for the settlement of labor disputes affecting national defense.

SEC. 502. The national policy shall be to place primary reliance upon the parties to any labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement in the national interest. To this end, the President is authorized (1) to initiate voluntary conferences between management, labor, and such persons as the President may designate to represent government and the public, and (2) subject to the provisions of section 503, to take such action as may be agreed upon in any such conference and appropriate to carry out the provisions of this title. The President may designate such persons or agencies as he may deem appropriate to carry out the provisions of this title.

SEC. 503. In any such conference, due regard shall be given to terms and conditions of employment established by prevailing collective bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this Act. No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, or with other applicable laws shall be taken under this title.

TITLE VI—CONTROL OF CONSUMER AND REAL ESTATE CREDIT

This title authorizes the regulation of consumer credit and real estate construction credit only.

SEC. 601. To assist in carrying out the objectives of this Act, the Board of Governors of the Federal Reserve System is authorized, notwithstanding the provisions of Public Law 386, Eightieth Congress (61 Stat. 921), to exercise consumer credit controls in accordance with and to carry out the provisions of Executive Order Numbered 8843 (August 9, 1941) until such time as the President determines that the exercise of such controls is no longer necessary, but in no event beyond the date on which this section terminates.

SEC. 602. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of real estate construction credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form, and time of various

payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this section or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider, among other factors, (1) the level and trend of real estate construction credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, (3) the need in the national economy for themaintenance of sound credit conditions, and (4) the needs for increased defense production.

(b) No person shall extend or maintain any real estate construction credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any such credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any such credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any such credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this section; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) To assist in carrying out the purposes of this section, the President by regulation may require transactions or persons or classes thereof subject to this section to be registered; and, after notice and opportunity for hearing, the President by order may suspend any such registration for violation of this section or any regulation prescribed by the President pursuant to this section. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this section, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(d) For the purposes of this section, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, accounting, and other terms, insofar as any such definitions are not inconsistent with the provisions of this section:

(1) "Real estate construction credit" means any credit which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to

acquire or use, new construction on real property or real property on which there is new construction. As used in this paragraph the term "new construction" means any structure, or any major addition or major improvement to a structure, which has not been begun before 12 o'clock meridian, August 3, 1950. As used in this paragraph the term "real property" includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term "real estate construction credit" shall not include any loan or loans made, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended.

(2) "Credit" means any loan, mortgage, deed of trust, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

Sec. 603. Any person who willfully violates any provision of section 601 or 602 or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

Sec. 604. All the present provisions of sections 21 and 27 of the Securities Exchange Act of 1934, as amended (relating to investigations, injunctions, jurisdictions, and other matters), shall be as fully applicable with respect to the exercise by the Board of Governors of the Federal Reserve System of credit controls under section 601 as they are now applicable with respect to the exercise by the Securities and Exchange Commission of its functions under that Act, and the Board shall have the same powers in the exercise of such credit controls as the Commission now has under the said sections 21 and 27.

Sec. 605. To assist in carrying out the objectives of this Act the President may at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States Government, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: Provided, That in

the exercise of these powers, the President shall preserve the relative credit preferences accorded to veterans under existing law.

TITLE VII—GENERAL PROVISIONS

SEC. 701. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this Act, and in their formation there shall be fair representation for independent small, for medium, and for large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

(c) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950, and having due regard to the needs of new businesses.

SEC. 702. As used in this Act—

(a) The word "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: Provided, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

(c) The word "facilities" shall not include farms, churches or other places of worship, or private dwelling houses.

(d) The term "national defense" means the operations and activities of the armed forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially con-

cerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.

(e) The words "wages, salaries, and other compensation" shall include all forms of remuneration to employees by their employers for personal services, including, but not limited to, vacation and holiday payments, night shift and other bonuses, incentive payments, year-end bonuses, employer contributions to or payments of insurance or welfare benefits, employer contributions to a pension fund or annuity, payments in kind, and premium overtime payments.

SEC. 703. (a) Except as otherwise specifically provided, the President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Government, including any new agency or agencies (and the President is hereby authorized to create such new agencies, other than corporate agencies, as he deems necessary), and he may authorize such redelegations by that officer or agency as the President may deem appropriate. The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act.

(b) The head and assistant heads of any independent agency created to administer the authority conferred by title IV of this Act shall be appointed by the President, by and with the advice and consent of the Senate.

SEC. 704. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper to effectuate the purposes of this Act, or to prevent circumvention or evasion, or to facilitate enforcement of this Act, or any rule, regulation, or order issued under this Act.

SEC. 705. (a) The President shall be entitled, while this Act is in effect and for a period of two years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority, and it is assured that no adequate and authoritative data are available from any Federal or other responsible agency. In case of contumacy by, or refusal to obey a subpena served upon, any person referred to in this subsection, the district court of the United States for any district in which such person is found or resides or transacts business, upon application by the President, shall have jurisdiction to issue an order requiring such person to appear and give testi-

mony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: Provided, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Any person who willfully performs any act prohibited or willfully fails to perform any act required by the above provisions of this section, or any rule, regulation, or order thereunder, shall upon conviction be fined not more than $1,000 or imprisoned for not more than one year or both.

(e) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000, or imprisoned for not more than one year, or both.

SEC. 706. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under

this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act. All litigation arising under this Act or the regulations promulgated thereunder shall be under the supervision and control of the Attorney General.

SEC. 707. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to this Act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 708. (a) The President is authorized to consult with representatives of industry, business, financing, agriculture, labor, and other interests, with a view to encouraging the making by such persons with the approval by the President of voluntary agreements and programs to further the objectives of this Act.

(b) No act or omission to act pursuant to this Act which occurs while this Act is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) shall be delegated only (1) to officials who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, unless otherwise required to be so appointed, and (2) upon the condition that such officials consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such officials

obtain the approval of the Attorney General to any request thereunder before making the request. For the purpose of carrying out the objectives of title I of this Act, the authority granted in subsection (b) of this section shall not be delegated except to a single official of the Government.

(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

(e) The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President within ninety days after the approval of this Act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

SEC. 709. The functions exercised under this Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof. Any rule, regulation, or order, or amendment thereto, issued under authority of this Act shall be accompanied by a statement that in the formulation thereof there has been consultation with industry representatives, including trade association representatives, and that consideration has been given to their recommendations, or that special circumstances have rendered such consultation impracticable or contrary to the interest of the national defense, but no such rule, regulation, or order shall be invalid by reason of any subsequent finding by judicial or other authority that such a statement is inaccurate.

SEC. 710. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons temporarily in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

(c) The President is authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act to employ experts and consultants or organizations thereof, as authorized by section 55a of title 5 of the United States Code. Individuals so employed may be compensated at rates not in excess of $50 per diem and while away from their homes or regular places of business they may be allowed transportation and not to exceed $15 per diem in lieu of subsistence and other expenses while so employed. The President is authorized to provide by regulation for the exemption of such persons from the operation of sections

281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

(d) The President may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed; and he is authorized to provide by regulation for the exemption of persons whose services are utilized under this subsection from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

(e) Whoever, being an officer or employee of the United States or any department or agency thereof (including any Member of the Senate or House of Representatives), receives, by virtue of his office or employment, confidential information, and (1) uses such information in speculating directly or indirectly on any commodity exchange, or (2) discloses such information for the purpose of aiding any other person so to speculate, shall be fined not more than $10,000 or imprisoned not more than one year, or both. As used in this section, the term "speculate" shall not include a legitimate hedging transaction, or a purchase or sale which is accompanied by actual delivery of the commodity.

SEC. 711. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

SEC. 712. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Defense Production (hereinafter referred to as the committee), to be composed of ten members as follows:

(1) Five members who are members of the Committee on Banking and Currency of the Senate, three from the majority and two from the minority party, to be appointed by the chairman of the committee; and

(2) Five members who are members of the Committee on Banking and Currency of the House of Representatives, three from the majority and two from the minority party, to be appointed by the chairman of the committee.

A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman and a vice chairman from among its members, one of whom shall be a member of the Senate and the other a member of the House of Representatives.

(b) It shall be the function of the committee to make a continuous study of the programs authorized by this Act, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the standing committees of the Congress having legislative jurisdiction over any part of the programs authorized by this Act; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. Any department,

official, or agency administering any of such programs shall, at the request of the committee, consult with the committee, from time to time, with respect to their activities under this Act.

(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpena (to be issued under the signature of the chairman or vice chairman of the committee) or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this subsection.

(d) The committee is authorized to appoint and, without regard to the Classification Act of 1949, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

(e) The expenses of the committee under this section, which shall not exceed $50,000 in any fiscal year, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman or vice chairman. Disbursements to pay such expenses shall be made by the Clerk of the House of Representatives, out of the contingent fund of the House of Representatives, such contingent fund to be reimbursed from the contingent fund of the Senate in the amount of one-half of disbursements so made without regard to any other provision of law.

SEC. 713. The provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

SEC. 714. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the Act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 715. That no person may be employed under this Act who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: Provided, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: Provided further, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence

and accepts employment the salary or wages for which are paid from any appropriation or fund contained in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than one year, or both: Provided further, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

Sec. 716. (a) Titles I, II, III, and VII of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1952, but such titles shall be effective after June 30, 1951 only to the extent necessary to aid in carrying out contracts relating to the national defense entered into by the Government prior to July 1, 1951.

(b) Titles IV, V, and VI of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1951.

(c) Notwithstanding the foregoing—

(1) The Congress by concurrent resolution or the President by proclamation may terminate this Act prior to the termination otherwise provided therefor.

(2) The Congress may also provide by concurrent resolution that any section of this Act and all authority conferred thereunder shall terminate prior to the termination otherwise provided therefor.

(3) Any agency created under this Act may be continued in existence for purposes of liquidation for not to exceed six months after the termination of the provision authorizing the creation of such agency.

(d) The termination of any section of this Act, or of any agency or corporation utilized under this Act, shall not affect the disbursement of funds under, or the carrying out of, any contract, guarantee, commitment or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

Brent Spence,
Paul Brown,
Wright Patman,
Mike Monroney,
Jesse P. Wolcott,
Ralph A. Gamble,
Managers on the Part of the House.

Burnet R. Maybank,
Glen Taylor,
J. W. Fulbright,
A. Willis Robertson,
John Sparkman,
Homer E. Capehart,
Ralph Flanders (proxy by John Bricker),
John W. Bricker,
Irving M. Ives,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and minor changes, the differences between the House bill and the substitute agreed to in conference are explained below.

Title I—Priorities and Allocations

ADMINISTRATION OF PRIORITIES AND ALLOCATIONS POWERS

Section 101 of both the House bill and the Senate amendment authorized the President to assign priorities and allocate materials and facilities to promote the national defense. Under the House bill the President could delegate this authority to any officer or agency of the Government, but the Senate amendment provided that, with certain exceptions, this power should be exercised by the Secretary of Commerce. The conference substitute follows the language of the House bill.

The conferees assume that, so far as practicable, in carrying out this section the President will not delegate the authority therein granted with respect to any one basic commodity except to a single agency of the Government. The conferees further assume that if the President makes extensive use of his powers under this title he will designate an existing agency, or establish a new agency, to coordinate the activities of all Federal agencies under the bill.

ANTIHOARDING PROVISIONS

Section 103 of the House bill, based on a provision of the Lever Act of World War I (40 Stat. 276), provided that any person who hoarded "necessaries" (defined to include foods, feeds, fertilizers, automobile tires, and other specified commodities plus other unspecified commodities to be designated by the President) should be fined not more than $10,000 or imprisoned for not more than 1 year, or both. Section 102 of the Senate amendment, designed to accomplish

the same purpose, subjected to the same penalty any person who accumulates (1) in excess of the reasonable and normal demands of business or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices, materials designated by the President as scarce or the supply of which would be threatened by such accumulation. The conference substitute (sec. 102) follows the language of the Senate amendment, except that the phrase "reasonable and normal demands of business or home consumption" is changed to read "reasonable demands of business, personal, or home consumption", and an introductory phrase "In order to prevent hoarding" is included in the section.

Title II—Authority to Requisition

[Title III of House bill; title II of Senate amendment and conference substitute]

SUITS IN DISTRICT COURTS

The House bill provided that a suit by the owner of any property requisitioned under the bill to recover just compensation for the property may be brought in the Court of Claims or, if the amount involved does not exceed $10,000, in any Federal district court. The Senate amendment provided that such a suit may be brought in any Federal district court, regardless of whether the amount involved exceeds $10,000. The House recedes.

RETURN OF REQUISITIONED PROPERTY

The House bill and the Senate amendment contained different provisions with respect to returning requisitioned propery to the original owner, upon payment by him of its fair value, after it is no longer needed. The principal differences were: (1) the House bill required such a return "to the extent feasible and practicable", but the Senate amendment contained no such qualifying language; (2) the House bill provided that the fair value of the property should be determined by the President, but the Senate amendment provided that a dispute between the President and the owner as to fair value should be settled by arbitration; (3) the House bill exempted fungibles and property valued at less than $1,000 from this requirement; and (4) the Senate amendment required that the property be returned not later than June 30, 1952. The conference substitute retains the provisions of the Senate amendment as to real property (except that the June 30, 1952, deadline is eliminated), and the provisions of the House bill as to personal property.

Title III—Expansion of Productive Capacity and Supply

[Title IV of House bill, title III of Senate amendment and conference substitute]

GUARANTEES

Section 401 of the House bill authorized any Federal agency "engaged in procurement" to guarantee financing institutions against losses incurred in financing contracts and other operations "related

to efforts or undertakings on the part of the United States or any agency thereof which are designed to meet the necessities of the national defense." The corresponding section (301) of the Senate amendment (retained in the conference substitute) authorizes any Federal agency "engaged in procurement for the national defense" to make similar guarantees with respect to contracts and other operations "necessary to expedite production and deliveries or services under Government contracts for the procurement of material or the performance of services for the national defense."

GOVERNMENT INSTALLATION OF EQUIPMENT

The Senate amendment contained a provision which authorized the President, when in his judgment it would aid the national defense, to install additional equipment, facilities, processes, or make improvements to plants, factories and other industrial facilities owned by the Government. No similar provision was included in the House bill. The conference substitute contains this provision of the Senate amendment and in addition permits the installation of Government-owned equipment in plants, factories, and other facilities owned by private persons.

LOANS FOR EXPANSION OF PRODUCTIVE CAPACITY

To assist in carrying out the objectives of the act the House bill contained authority for the President to make provision for loans to private business enterprises for the expansion of capacity, the development of technological processes or the production of essential materials, including the exploration, development, and mining of strategic metals and materials. The Senate amendment contained similar authority for the purpose of expediting production and deliveries or services under Government contracts for the procurement of materials or for the performance of services for the national defense. Under the Senate amendment such loan authority was also broadened to include loans for research corporations not organized for profit. The conference substitute retains these provisions of the Senate amendment, except that the words "under Government contracts" are changed to "to aid in carrying out Government contracts" to make it clear that this authority extends to subcontracts and related operations.

PURCHASE AUTHORITY FOR METALS, MINERALS, AND OTHER RAW MATERIALS

In the House bill authority was given to the President to make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or resale. The Senate amendment included a similar provision and in addition provided for the encouragement of exploration, development, and mining of critical and strategic minerals and metals. This additional provision is retained in the conference substitute but it is clearly understood that the use of the word "encouragement" is not intended to interfere with the regular Government operations of the Bureau of Mines. Provision was further made excluding purchases for resale of agricultural commodities except for industrial uses or stockpiling. The conference substitute adopts the language of the

Senate amendment but provision is further made that no agricultural commodity shall be sold under the authority of this section at less than (1) the current market price or (2) the minimum sale price for agricultural commodities owned by the Commodity Credit Corporation as provided in section 407 of Public Law 439 of the Eighty-first Congress.

The Senate amendment added a new subsection (b) to this section which removed the procurement restrictions of other laws and gave authority to the President to make advance payments and prescribe other terms and conditions deemed necessary. Provision was made for payments in excess of current market prices but such payments would be confined to cases in which the supply of essential materials could not be increased at lower prices or in which the purchases were necessary to assure availability to the United States of overseas supplies. The conference substitute retains this provision of the Senate amendment with the addition of language to make clear that the authority granted by this subsection is subject to the limitations outlined in the above paragraph.

NEW CORPORATIONS

The House bill authorized the President to create new corporations for the purposes of sections 402 and 403. The Senate amendment authorized the creation of new agencies, but not corporations, for the purposes of sections 302 and 303 (the corresponding sections of the Senate amendment). The conference substitute contains the language of the Senate amendment.

BORROWING POWER

The House bill authorized corporations established or utilized for the purposes of sections 402 and 403 to borrow money from the Treasury to carry out their functions under the title, but provided that the total amount so borrowed should not exceed $2,000,000,000 outstanding at any one time. The Senate amendment provided that, pending the making of appropriations for the purposes of sections 302 and 303, agencies or corporations utilized for the purposes of such sections or subtitle B (a provision of the Senate amendment which related to the development of metals and minerals, and is not included in the conference substitute) could borrow up to $300,000,000 at any one time to carry out their functions under the title. The conference substitute authorizes such agencies or corporations to borrow from the Treasury to carry out their functions under sections 302 and 303, regardless of whether appropriations have been made for that purpose, but the total amount so borrowed may not exceed $600,000,000 outstanding at any one time. In addition, appropriations of up to $1,400,000,000 are authorized to carry out the purposes of sections 302 and 303.

Title IV—Price and Wage Stabilization

[Title II of House bill, title IV of Senate amendment and conference substitute]

SELECTIVE CONTROLS

Section 202 (b) of the House bill authorized the President to establish ceilings with respect to materials and services, and with respect to wages, salaries, and other compensation, either with respect to individual materials and services, or with respect to materials and services generally. The corresponding section (402 (b)) of the Senate amendment provided that such action could not be taken with respect to individual materials and services, but could be taken only with respect to materials and services generally. The conference substitute provides that such action may be taken either with respect to individual materials and services and to individual types of employment, or with respect to materials, services, and types of employment generally. However, a ceiling may be established with respect to an individual material or service only when the President finds that (1) the price of the material or service has risen or threatens to rise unreasonably above the price prevailing during the period from May 24, 1950, to June 24, 1950; (2) the price increase will materially affect the cost of living or the national defense; (3) the imposition of the ceiling is necessary to effectuate the purposes of the act; (4) it is practicable and feasible to impose the ceiling; and (5) the ceiling will be generally fair and equitable to sellers and buyers of the material or service and related and competitive materials and services.

RELATION BETWEEN PRICE CONTROLS AND WAGE CONTROLS

The House bill authorized the President, in exercising price and wage controls, "at the same time both" to establish price ceilings and to establish wage ceilings, and, except when deemed necessary to prevent gross inequity or to effectuate the purposes of the act, required the establishment of wage ceilings whenever an increase in wages would require increases in price ceilings or impose an undue burden on a seller operating under a price ceiling. The corresponding provision of the Senate amendment provided that whenever price ceilings were established (and they could be established only with respect to materials and services generally) wages should be stabilized, and contained a similar provision for exceptions necessary to prevent gross inequities or to effectuate the purposes of the act. The House bill also required that wages be stabilized generally whenever price ceilings have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living. The corresponding provision of the Senate amendment provided for general stabilization of wages whenever price ceilings have been established on materials and services generally. The provisions of the House bill and the Senate amendment were rewritten in conference and are found in section 402 (b) of the conference substitute. It provides that when the President establishes price ceilings, he shall stabilize wages at the same time in accordance with the following principles. Whenever a price ceiling is established for a particular

material or service, wages shall be stabilized in the industry or business producing the material or performing the service. In stabilizing wages under this provision the President shall prohibit wage increases which he deems would require an increase in the price ceiling or impose hardships or inequities on sellers operating under the price ceiling. When price ceilings have been established for materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living the President shall impose price ceilings generally and stabilize wages generally.

APPLICABLE BASE PERIOD

In establishing ceilings on materials (including fish and fish commodities and the marketing and processing thereof) and services in which prices prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, are not representative because of wage disputes or other cause, it is clearly understood that a representative period other than the period May 24, 1950, to June 24, 1950, shall be selected in such cases in order that the ceilings established will reflect prices generally representative.

CONTRACTS FOR FUTURE DELIVERY

The Senate amendment contained a provision that requires the President to make appropriate provision to prevent hardships and inequities to sellers who have bona fide contracts in effect on the date of issuance of a price control regulation for future delivery of materials processed from raw materials in which seasonal demands or normal business practices require contracts for future delivery. The House bill contained no comparable provision. The conferees agreed to the Senate provision with an amendment making it applicable to all materials in which seasonal demands or normal business practices require contracts for future delivery.

CEILINGS ON AGRICULTURAL COMMODITIES

The House bill contained provisions prohibiting the establishment of a ceiling on agricultural commodities below the higher of (1) the parity price of such commodity, or (2) the highest price received by producers during the period from May 24, 1950, to June 24, 1950, or (3) in those cases in which a producer did not normally market a commodity during the period from May 24, 1950, to June 24, 1950, the highest price received by a producer in the first thirty day normal marketing period following May 24, 1950. The Senate amendment provided that no ceilings could be established on an agricultural commodity below the highest of the following prices (1) the parity price of such commodity, or (2) the price received by producers during the period from May 24, 1950, to June 24, 1950, inclusive, or (3) in the case of any commodity for which the market was not active in the May 24 to June 24, 1950, period, the average price received by producers during the most recent representative period prior to May 24, 1950, adjusted by the Secretary of Agriculture to a price in line with the level of prices received by producers of agricultural commodities generally prevailing during the period from May 24 to June

24, 1950, or (4) in the case of fire-cured tobacco a price equal to 75 percent of the parity price for burley tobacco of the corresponding crop, or of 66⅔ percent of such parity price in the case of dark air-cured tobacco and Virginia sun-cured tobacco. The conference substitute retains the provisions of the House bill with respect to items (1) and (2) but retains the Senate amendment with respect to items (3) and (4).

The Senate amendment contained a further provision which was included in the conference substitute, requiring the President in establishing a ceiling for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this act and for which different areas have different periods of marketing during such season, to give due consideration to affording equitable treatment to all producers of such agricultural commodity in all areas.

PUBLIC UTILITY RATES

Both the House bill and the Senate amendment exempted from price ceilings rates charged by any common carrier or other public utility. The Senate amendment, however, contained a proviso, which was not included in the House bill, which required that 30-day notice be given the President of any intended general increases in rates or charges over the base period, May 24 to June 24, 1950, any time after the President had issued stabilization regulations or orders. The common carrier or other public utility was also required to consent to timely intervention by the President, or such agency as he might designate, before the Federal, State, or municipal authority having jurisdiction to consider such rate increase. The conference substitute contains a substitute proviso under which any common carrier or other public utility, before making any increase in its charges for property or services sold by it for resale to the public, is required to give the above prescribed notice and consent to intervention, unless an application for an increase in charges was filed with the regulatory body having jurisdiction to consider such increase before the issuance by the President of stabilization regulations or orders.

BUSINESS PRACTICES

Section 402 (i) of the Senate amendment prohibited the President from using his control powers under title IV to eliminate or restrict the use of trade or brand names, require grade labeling, standardize materials or services except where no alternative exists for effective price control, or establish price ceilings on the basis of specifications or standards not previously in general use or required under Federal law. No similar provision was in the House bill. The provision is included as section 402 (h) of the conference substitute. Section 402 (j) of the Senate amendment prohibited the President from using his powers under title IV to require any retail seller or any service establishment operator to limit his sales with reference to any highest price line offered for sale by him at any prior time. No similar provision was in the House bill. The provision is included as section 402 (i) of the conference substitute, but the reference to service establishment operators is eliminated.

NEW INDEPENDENT AGENCY

The Senate amendment contained a section providing that at such time as the President determines that it is necessary to impose price and wage controls generally over a substantial portion of the national economy he shall administer such controls, and rationing at the retail level, through a new independent agency created for such purpose. The Senate amendment likewise provided that such agency may utilize the services, information, and facilities of other agencies and departments of the Government but such agency shall not delegate enforcement of any of the controls to be administered by it under this section to any other agency or department. The House bill did not contain a comparable section. The conference substitute contains the same language as the Senate amendment.

It is not, however, the intention of the conferees to prevent such a new independent agency from utilizing the inspection and investigating services of existing agencies of the Government.

SETTLEMENT OF GOVERNMENT SUITS

Both the House bill and the Senate amendment authorized the President to bring suit with respect to violations of ceilings applicable to sales under certain conditions where the buyer fails or is unable to bring suit. The Senate amendment added a provision authorizing the Government to compromise with the seller the liability which might be assessed against the seller in such an action. This provision is included in the conference substitute.

EMERGENCY COURT OF APPEAL

The Senate amendment contained a provision, which was not in the House bill, limiting the jurisdiction of the Emergency Court of Appeals to cases involving regulations and orders relating to price controls. This provision is included in the conference substitute.

EXCLUSIVE JURISDICTION OF EMERGENCY COURT OF APPEALS

The House bill gave exclusive jurisdiction to the Emergency Court of Appeals to determine the validity of price control regulations. The Senate amendment permitted any court of competent jurisdiction to pass upon the validity of such a regulation when involved in a case otherwise properly pending before it. The conference substitute retains the House provision, with an additional provision which permits recourse to the Emergency Court of Appeals when the validity of a regulation is questioned in certain cases pending in other courts, and provides for staying such cases until the Emergency Court of Appeals has made its determination. The additional provision (sec. 408 (e)) is similar to a provision of the Emergency Price Control Act of 1942, as amended.

CERTAIN GOVERNMENT CONTRACTS

Section 410 of the Senate amendment required that any contract to purchase processed chickens or turkeys for the Government entered into when price ceilings are in effect for the fowl covered by

the contract shall contain a provision that in the event and to the extent the price paid to the producers of the fowls processed in performing the contract is less than the estimated price on which the contract is based the contract price shall be reduced by the same number of cents per pound. No similar provision was in the House bill. The provision is included as section 410 of the conference substitute.

Title V—Settlement of Labor Disputes

Section 501 of the Senate amendment declared the intent of Congress that there be effective procedures for the settlement of labor disputes affecting national defense. Section 502 provided that the national policy shall be to place primary reliance upon the parties to a labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement of the national interest. It authorized the President, after consultation with labor and management, "to establish such principles and procedures and to take such action as he deems appropriate for the settlement of labor disputes affecting national defense," and to designate appropriate persons, boards, or commissions to carry out the title. Section 503 provided that in any action taken under the title, due regard shall be given to terms and conditions of employment established by collective bargaining which will be fair to labor and to management and consistent with stabilization policies under the act. It provided also that any such action shall be consistent with the Fair Labor Standards Act of 1938, other Federal labor standards statutes, the Labor Management Relations Act, 1947, and with other applicable laws. No similar provisions were included in the House bill. These provisions are included in the conference substitute, except that the provisions of section 502 relating to the authority of the President are replaced by provisions authorizing him in order to carry out the policy expressed in section 502 "(1) to initiate voluntary conferences between management, labor, and such persons as the President may designate to represent the Government and the public (2) subject to the provisions of section 503 to take such action as may be agreed upon in any such conference and appropriate to carry out the provisions of this title," and to designate appropriate persons or agencies to carry out the provisions of the title. The President would be authorized under this provision to establish a board, commission or other agency, similar to the War Labor Board of World War II, to carry out the title.

Title VI—Control of Consumer and Real Estate Credit

[Title V of House bill; title VI of Senate amendment and conference substitute]

LIMITATION ON CREDIT CONTROLS

A new sentence is included at the beginning of title VI of the conference substitute to make it clear that the authority granted by the title may be used only to control consumer credit and real estate construction credit.

CONSUMER CREDIT

The House bill authorized the President to control consumer credit in the same manner and to the same extent as real estate construction credit. The Senate amendment authorized the Federal Reserve Board to exercise consumer credit controls in accordance with and to carry out the provisions of Executive Order 8843 of August 9, 1941 (under which the so-called "Regulation W" was issued). The conference substitute (sec. 601) follows the language of the Senate amendment, with an added provision terminating the Board's control powers under the section whenever the President determines that such controls are no longer needed.

The Senate amendment contained a section designed to insure that the Federal Reserve Board in enforcing consumer credit controls could use the same powers as to investigations, injunctions, and jurisdictions as is now used by the Securities and Exchange Commission in the performance of its duties. The House bill contained no comparable provision. The conference report contains the language of the Senate amendment.

LOANS SECURED BY SAVINGS ACCOUNTS

Attention of the conferees was called to the fact that while it was made clear in the Senate report that loans to members of savings and loan associations secured by share or deposit accounts in such associations should not be subject to consumer credit regulations, no mention was made that a similar exception should apply in the case of loans secured by a savings account in a savings bank. It is the intention of the conferees that equal treatment should be accorded borrowers against savings accounts in both types of savings institutions. Such loans secured by savings accounts in effect permit the borrowers to use part of their savings accounts without loss of accrued interest on the whole account.

REAL ESTATE CONSTRUCTION CREDIT

The House bill provided that the controls on real-estate credit should not restrict loans by private lenders to any percentage of value or maturity less than the maximum authorized for loans of like classification made, insured, or guaranteed by the Government, nor should such controls otherwise discriminate in favor of Government loans against private loans. No similar provision was in the Senate amendment. This provision is not contained in the conference substitute.

To aid in their enforcement, the House bill contained a provision allowing the President to require transactions or persons subject to real estate construction credit controls to be registered or licensed. The Senate amendment made no provision for licensing but did provide for registration. The conference report conforms to the Senate language.

Title VII—General Provisions

[Title VI of the House bill; title VII of the Senate Amendment and conference substitute]

ALLOCATION OF SUPPLIES TO BUSINESS

The Senate amendment contained a provision requiring that whenever the President allocates any material to an extent which will result in a dislocation of normal distribution, he shall do so in such manner as to assure each individual business in the normal channel of distribution of such material of its fair share of the available civilian supply based, insofar as practicable, on the share received by such business during a representative period preceding June 24, 1950. The House bill was without a similar provision. The conference report contains the language of the Senate amendment with an amendment.

This amendment provides that when the President allocates a material, each segment of business in the normal channel of distribution of such material, so far as practicable, shall receive a fair share of such material and that due regard shall be given to the needs of new businesses.

DEFINITIONS

The House bill, in the General Provisions title, defined "person" and "materials". The Senate amendment, in addition, defined "facilities", "national defense", and "wages, salaries, and other compensation". The conference substitute contains the Senate definitions.

DELEGATION OF AUTHORITY TO AGENCIES

The House bill provided that any power or authority conferred upon the President by this act could be delegated to any officer or agency of the Government including any new agency or agencies which were authorized to be created by the President when deemed necessary. The Senate amendment gave similar authority to the President except as otherwise specifically provided for in the act. Inasmuch as the conference substitute elsewhere contains a provision that if price and wage controls are imposed generally over a substantial portion of the national economy they shall be administered through a new independent agency created for such purpose, it was necessary to include a similar exception in this section of the conference substitute.

The House bill provided that any attorneys appointed for these agencies could appear for and represent the agency in any case in any court. Such authority was omitted from the conference substitute in view of the fact that under the provisions of section 706 as adopted by the committee of conference all litigation arising under the act or the regulations promulgated thereunder was placed under the supervision and control of the Attorney General.

The Senate amendment provided for appointment by the President, by and with the advice and consent of the Senate, of the head and assistant heads, and regional or State officers, of any independent agency created to administer the authority conferred by the price and wage stabilization title as well as the heads of regional and State officers of such agency. The conference substitute in adopting this

provision of the Senate amendment deleted such requirement with respect to appointment of the heads of regional or State officers of such agency.

JURISDICTION TO COMPEL TESTIMONY

The Senate amendment contained a provision which gave jurisdiction to the appropriate district court to compel appearance and giving of testimony in obedience to supbenas, and made failure to obey such an order punishable as a contempt of court. The conference substitute follows the language of the Senate amendment in this respect.

PENALTY FOR VIOLATION OF REPORTING REQUIREMENTS

No specific provision was made in the House bill for penalties for violation of the provision requiring the keeping of reports and furnishing of information necessary to the enforcement or administration of the act and the regulations or orders issued thereunder. The Senate amendment provided that in the case of a willful violation of such requirements the person, upon conviction, could be fined not more than $1,000 or imprisoned for not more than 1 year, or both. The conference substitute contains a similar provision.

ENCOURAGEMENT OF VOLUNTARY PROGRAMS

Both the House bill and the Senate amendment contained provisions exempting from the prohibitions of the antitrust laws of the United States or the Federal Trade Commission Act actions taken at the request of the President and found by him to be in the public interest as contributing to the national defense. The Senate amendment in a subsection which was not included in the House bill, placed emphasis upon consultation of the President with representatives of industry, business, financing, agriculture, labor, and other interests with a view to encouraging the making by such persons, with the approval of the President, of voluntary agreements and programs to further the objectives of the act. The Senate amendment further provided that any official authorized to approve requests for exemptions from the antitrust laws or the Federal Trade Commission Act in relation to a program of voluntary agreements shall be approved by the Senate unless otherwise required to be so appointed. The conference substitute contains the language of the Senate amendment with an amendment requiring that the prior approval of the Attorney General be obtained for any request under which exemption would be given in accordance with the provisions of this section.

CONSULTATION IN ISSUING REGULATIONS

The Senate amendment contained a provision which was not included in the House bill which required that any rule, regulation, or order or amendment thereto issued pursuant to the authority of the act be accompanied by a statement that consultation had been had with industry representatives and consideration given to their recommendations. Appropriate provision for exemption was made from this requirement in special circumstances. It was further provided that no such rule, regulation, or order should be invalid in the event

of a subsequent finding by judicial or other authority that such accompanying statement was inaccurate. This provision is included in the conference substitute.

Employment and Utilization

In addition to similar provisions contained in the House bill and Senate amendment with respect to employment of personnel, the Senate amendment contained a provision authorizing the President to employ experts and consultants in carrying out the provisions of the act. Individuals so employed could be paid not in excess of $50 per diem, allowed transportation expenses, and not to exceed $15 per diem in lieu of subsistence. The Senate amendment also authorized the President to utilize the services of Federal, State, and local agencies and to utilize such voluntary and uncompensated services as may from time to time be made. Appropriate provision was made for exemption of persons whose services were utilized under these provisions from the operation of certain specified provisions of Federal law. The conference substitute includes the additional provisions of the Senate amendment with respect to employment of personnel.

Applicability of Act

The Senate amendment contained a provision which is included in the conference substitute stating that the provisions of this act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

Speculation by Government Employees

The Senate amendment contained a provision in section 710 (e) which made any officer or employee of the United States or any department or agency thereof (including members of the Senate or House of Representatives or members of the Armed Forces) subject to a fine of not more than $10,000 or imprisonment for not more than 1 year, or both, for speculating directly or indirectly on any commodity exchange or disclosing any information designated by the President as confidential for the purpose of aiding any other person so to speculate. Appropriate exemption was made from this prohibition for legitimate hedging transactions and any purchase or sale accompanied by actual delivery of the commodity. The House bill did not contain a similar provision. The conference substitute follows the language of the Senate amendment but limits the application of the penalty to use or disclosure, for purposes of speculating on any commodity exchange, of confidential information received by any such officer or employee by virtue of his office or employment.

Joint Committee on Defense Production

The Senate amendment provided for a joint congressional committee to be composed of five members of the Senate Committee on Banking and Currency and five members of the House Committee on Banking and Currency, to make a continuous study of the programs authorized by the act and to review the progress achieved in executing

and administering such programs. Provision was made for the election of a chairman by the members of the committee. Payment of expenses up to $50,000 in any fiscal year was authorized. No similar provision for a joint committee was included in the House bill. This provision is included as section 712 of the conference substitute, except that the committee is authorized to elect from among its members a vice chairman, who shall not be a member of the same house as the chairman, and who is given the same power as the chairman to sign subpenas and vouchers.

TERMINATION DATE

The House bill provided that the act and all authority conferred thereunder should terminate June 30, 1951 or at such earlier time as the Congress by concurrent resolution or the President by proclamation might designate. The Senate amendment provided for termination on June 30, 1952 and likewise provided for termination by Congress or the President at an earlier date. In addition, the Senate amendment provided that the Congress might also provide by concurrent resolution that any section of the act should terminate prior to June 30, 1952. The Senate amendment further provided that any agency created under the act might be continued in existence for the purposes of liquidation for not to exceed 60 days after termination.

The conference substitute provides that titles I, II, III, and VII shall terminate at the close of June 30, 1952, but that such titles shall be effective after June 30, 1951, only to the extent necessary to aid in carrying out contracts relating to the national defense entered into by the Government prior to July 1, 1951. The conference substitute provides that titles IV, V, and VI shall terminate at the close of June 30, 1951. It retains the provision for termination by concurrent resolution or Presidential proclamation prior to the termination otherwise provided for and retains the Senate provision for termination of any section of the act by concurrent resolution. Under the conference substitute, any agency created under the act may be continued for purposes of liquidation for not to exceed 6 months after the termination of the provision authorizing the creation of such agency. It is also made clear that the termination of any section of the act, or of any agency or corporation utilized under the act, shall not affect disbursement of funds or carrying out of contracts, commitments, or other obligations entered into prior to the date of termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out.

AMENDMENT TO TITLE

The conference substitute includes the Senate title of the bill.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
MIKE MONRONEY,
JESSE P. WOLCOTT,
RALPH A. GAMBLE,
Managers on the Part of the House.

○

rence in American history. The incidents are too numerous to mention, but we acted quickly on any occasion when it appeared there was a threat to our security and to world peace, no matter where that threat arose.

(Mr. PRICE asked and was given permission to revise and extend his remarks.)

DEFENSE PRODUCTION ACT OF 1950

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight tonight to file a report on the bill H. R. 9176, the Defense Production Act of 1950.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. NO. 3042)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act, divided into titles, may be cited as the 'Defense Production Act of 1950.'

"Table of contents

"Title I. Priorities and allocations.
"Title II. Authority to requisition.
"Title III. Expansion of productive capacity and supply.
"Title IV. Price and wage stabilization.
"Title V. Settlement of labor disputes.
"Title VI. Control of consumer and real estate credit.
"Title VII. General provisions.

"DECLARATION OF POLICY

"SEC. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

"It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively, the requirements of military programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use, within the framework, as far as practicable, of the American system of competitive enterprise.

"TITLE I—PRIORITIES AND ALLOCATIONS

"SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

"SEC. 102. In order to prevent hoarding, no person shall accumulate (1) in excess of the reasonable demands of business, personal, or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices, materials which have been designated by the President as scarce materials or materials the supply of which would be threatened by such accumulation. The President shall order published in the Federal Register, and in such other manner as he may deem appropriate, every designation of materials the accumulation of which is unlawful and any withdrawal of such designation. This section shall not be construed to limit the authority contained in section 101 of this Act.

"SEC. 103. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction be fined not more than $10,000 or imprisoned for not more than one year, or both.

"TITLE II—AUTHORITY TO REQUISITION

"SEC. 201. (a) Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that all other means of obtaining the use of such property for the defense of the United States upon fair and reasonable terms have been exhausted, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall promptly determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall be paid promptly 75 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, without regard to whether the amount involved exceeds $10,000, in any district court of the United States, within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation.

"(b) Whenever the President determines that any real property acquired under this title and retained is no longer needed for the defense of the United States, he shall, if the original owner desires the property and pays the fair value thereof, return such property to the owner. In the event the President and the original owner do not agree as to the fair value of the property, the fair value shall be determined by three appraisers, one of whom shall be chosen by the President, one by the original owner, and the third by the first two appraisers; the expenses of such determination shall be paid in equal shares by the Government and the original owner.

"(c) Whenever the need for the national defense of any personal property requisitioned under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided*, That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

"TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

"SEC. 301. (a) In order to expedite production and deliveries or services under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement for the national defense as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be necessary to expedite production and deliveries or services under Government contracts for the procurement of materials or the performance of services for the national defense.

"(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as

agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

"(c) All actions and operations of such fiscal agents under authority of or pursuant to this section shall be subject to the supervision of the President and to such regulations as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

"(d) Each guaranteeing agency is hereby authorized to use for the purpose of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

"SEC. 302. To expedite production and deliveries or services to aid in carrying out Government contracts for the procurement of materials or the performance of services for the national defense, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises (including research corporations not organized for profit), for the expansion of capacity, the development of technological processes, or the production of essential materials, including the exploration, development, and mining of strategic and critical metals and minerals. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

"SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: *Provided, however,* That purchases for resale under this subsection shall not include agricultural commodities except insofar as such commodities may be purchased for resale for industrial uses or stockpiling, and no agricultural commodity shall be sold for such purposes at less than the higher of the following: (i) the current market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress.

"(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

"(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined, any materials procured under this section.

"(d) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes, or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install Government-owned equipment in plants, factories, and other industrial facilities owned by private persons.

"SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize such existing departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new agencies (other than corporations).

"(b) Any agency created under this section, and any department, agency, official, or corporation utilized pursuant to this section is authorized, subject to the approval of the President, to borrow from the Treasury of the United States, such sums of money as may be necessary to carry out its functions under sections 302 and 303: *Provided,* That the total amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of $600,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this subsection, the borrower may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at its option before maturity in such manner as may be stipulated in such obligations. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations. The Secretary of the Treasury is authorized and directed to purchase such obligations and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of obligations hereunder.

"(c) In addition to the sums authorized to be borrowed under subsection (b), there is hereby authorized to be appropriated to carry out the purposes of sections 302 and 303, such sums, not in excess of $1,400,000,000, as may be necessary therefor.

"TITLE IV—PRICE AND WAGE STABILIZATION

"SEC. 401. It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: To prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of Congress that the authority conferred by this title shall be exercised in accordance with the policies set forth in section 2 of this Act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

"SEC. 402. (a) In order to carry out the objectives of this title, the President may encourage and promote voluntary action by business, agriculture, labor and consumers. In proceeding under this subsection the President may exercise the authority to approve voluntary programs and agreements conferred on him under section 708, and may utilize the services of persons and agencies as provided in section 710.

"(b) (1) To the extent that the objectives of this title cannot be attained by action under subsection (a), the President may issue regulations and orders establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service, and at the same time shall issue regulations and orders stabilizing wages, salaries, and other compensation in accordance with the provisions of this subsection.

"(2) Action under this subsection may be taken either with respect to individual materials and services and to individual types of employment, or with respect to materials, services, and types of employment generally. A ceiling may be established with respect to an individual material or service only when the President finds that (i) the price of the material or service has risen or threatens to rise unreasonably above the price prevailing during the period from May 24, 1950 to June 24, 1950, (ii) such price increase will materially affect the cost of living or the national defense, (iii) the imposition of such ceiling is necessary to effectuate the purposes of this Act, (iv) it is practicable and feasible to impose such ceiling, and (v) such ceiling will be generally fair and equitable to sellers and buyers of such material or service and to sellers and buyers of related or competitive materials and services.

"(3) Whenever a ceiling has been imposed with respect to a particular material or service, the President shall stabilize wages, salaries, and other compensation in the industry or business producing the material or performing the service.

"(4) Whenever ceilings on prices have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living, the President (i) shall impose ceilings on prices and services generally, and (ii) shall stabilize wages, salaries, and other compensation generally.

"(5) In stabilizing wages under paragraph (3) of this subsection, the President shall issue regulations prohibiting increases in wages, salaries, and other compensation which he deems would require an increase in the price ceiling or impose hardships or inequities on sellers operating under the price ceiling.

"(c) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the

period from May 24, 1950, to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. The President shall also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this Act. In determining and adjusting ceilings on prices with respect to materials and services, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or service, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or by persons performing the service, subsequent to June 24, 1950. In stabilizing and adjusting wages, salaries, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such wages, salaries, or other compensation. Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order. The President, in establishing and adjusting ceilings with respect to materials and services, and in stabilizing and adjusting wages, salaries, and other compensation, shall make such adjustments as he deems necessary to prevent or correct hardships or inequities.

"(d) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except as provided in this subsection; but the President shall make appropriate provision to prevent hardships and inequities to sellers who have bona fide contracts in effect on the date of issuance of any such regulation or order for future delivery of materials in which seasonal demands or normal business practices require contracts for future delivery.

"(2) No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor Management Relations Act, 1947, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

"(3) No ceiling shall be established or maintained for any agricultural commodity below the highest of the following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the highest price received by producers during the period from May 24, 1950, to June 24, 1950, inclusive, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (iii) in the case of any commodity for which the market was not active during the period May 24 to June 24, 1950, the average price received by producers during the most recent representative period prior to May 24, 1950, in which the market for such commodity was active as determined and adjusted by the Secretary of Agriculture to a level in line with the level of prices received by producers for agricultural commodities generally during the period May 24 to June 24, 1950 and adjusted by the Secretary for grade, location, and seasonal differentials, or (iv) in the case of fire-cured tobacco a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 75 percent of the parity price of Burley tobacco of the corresponding crop, and in the case of dark air-cured tobacco and Virginia sun-cured tobacco, respectively, a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 66⅔ percent of the parity price of Burley tobacco of the corresponding crop. No ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in this subsection: *Provided*, That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing. Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural commodity; and in establishing the ceiling (1) for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this Act and for which different areas have different periods of marketing during such season or (2) for any agricultural commodity produced for the same general use as a commodity described in (1), the President shall give due consideration to affording equitable treatment to all producers of the commodity for which the ceiling is being established. Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act. Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher: *Provided, however*, That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas.

"(e) The authority conferred by this title shall not be exercised with respect to the following:

"(i) Prices or rentals for real property;

"(ii) Rates or fees charged for professional services;

"(iii) Prices or rentals for (a) materials furnished for publication by any press association or feature service, or (b) books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities;

"(iv) Rates charged by any person in the business of selling or underwriting insurance;

"(v) Rates charged by any common carrier or other public utility: *Provided*, That no common carrier or other public utility shall at any time after the President shall have issued any stabilization regulations and orders under subsection (b) make any increase in its charges for property or services sold by it for resale to the public, for which application is filed after the date of issuance of such stabilization regulations and orders, before the Federal, State or Municipal authority having jurisdiction to consider such increase, unless it first gives 30 days' notice to the President, or such agency as he may designate, and consents to the timely intervention by such agency before the Federal, State or Municipal authority having jurisdiction to consider such increase;

"(vi) Margin requirements on any commodity exchange.

"(f) The President, in or by any regulation or order, may provide exemptions for any materials or services or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials or services, or transactions therein, or that compensation for such types of employment be stabilized, in order to effectuate the purposes of this title.

"(g) The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, or requirement under this title.

"(h) Nothing in this title shall be construed (1) as authorizing the elimination or any restriction of the use of trade and brand names; (2) as authorizing the President to require the grade labeling of any materials; (3) as authorizing the President to standardize any materials or services, unless the President shall determine, with respect to such standardization, that no practicable alternative exists for securing effective price control with respect to such materials or services; or (4) as authorizing any order of the President establishing price ceilings for different kinds, classes, or types of material or service which are described in terms of specifications or standards, unless such specifications or standards were, prior to such order, in general use in the trade or industry affected, or have previously been promulgated and their use lawfully required by another Government agency.

"(i) No rule, regulation, or order issued under this title shall require any seller of materials at retail to limit his sales with reference to any highest price line offered for sale by him at any prior time.

"SEC. 403. At such time as the President determines that it is necessary to impose price and wage controls generally over a substantial portion of the national economy, he shall administer such controls, and rationing at the retail level of consumer goods for household and personal use under authority

of Title I of this Act (when and to the extent that he exercises such authority), through a new independent agency created for such purpose. Such agency may utilize the services, information, and facilities of other agencies and departments of the Government, but such agency shall not delegate enforcement of any of the controls to be administered by it under this section to any other agency or department.

"SEC. 404. In carrying out the provisions of this title, the President, shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

"SEC. 405. (a) It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing.

"(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

"SEC. 406. Nothing in this title shall be construed to require any person to sell any material or service, or to perform personal services.

"SEC. 407. (a) At any time within six months after the effective date of any regulation or order relating to price controls under this title, or, in the case of new grounds arising after the effective date of any such regulation or order relating to price controls, within six months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than thirty days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

"(b) In the administration of this title the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of this Act.

"(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: *Provided, however,* That upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

"(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

"SEC. 408. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within 30 days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the portest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided,* That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by the President, any such evidence shall be presented directly to the court.

"(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

"(c) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation or order relating to price controls issued under this title. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title.

"(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order relating to price controls issued under this title, and of any provision of any such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order relating to price controls, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

"(e) (1) Within thirty days after arraignment, or such additional time as the court may allow for good cause shown, in any criminal proceeding, and within five days after judgment in any civil or criminal proceeding, brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code, involving alleged violation of any provision of any regulation or order relating to price controls issued under this title, the defendant may apply to the court in which the proceeding is pending for leave to file in the Emergency Court of Appeals a complaint against the President setting forth objections to the validity of any provision which the defendant is alleged to have violated or conspired to violate. The court in which the proceeding is pending shall grant such leave with respect to any objection which it finds is made in good faith and with respect to which it finds there is reasonable and substantial excuse for the defendant's failure to present such objection in a protest filed in accordance with section

407 of this title. Upon the filing of a complaint pursuant to and within thirty days from the granting of such leave, the Emergency Court of Appeals shall have jurisdiction to enjoin or set aside in whole or in part the provision of the regulation or order complained of or to dismiss the complaint. The court may authorize the introduction of evidence, either to the President or directly to the court, in accordance with subsection (a) of this section. The provisions of subsections (b), (c), and (d) of this section shall be applicable with respect to any proceeding instituted in accordance with this subsection.

"(2) In any proceeding brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code, involving an alleged violation of any provision of any such regulation or order, the court shall stay the proceeding—

"(i) during the period within which a complaint may be filed in the Emergency Court of Appeals pursuant to leave granted under paragraph (1) of this subsection with respect to such provision;

"(ii) during the pendency of any protest properly filed by the defendant under section 407 of this title prior to the institution of the proceeding under section 409 or 706 of this Act or section 371 of title 18 United States Code, setting forth objections to the validiy of such provision which the court finds to have been made in good faith; and

"(iii) during the pendency of any judicial proceeding instituted by the defendant under this section with respect to such protest or instituted by the defendant under paragraph (1) of this subsection with respect to such provision, and until the expiration of the time allowed in this section for the taking of further proceedings with respect thereto.

Notwithstanding the provisions of this paragraph, stays shall be granted thereunder in civil proceedings only after judgment and upon application made within five days after judgment. Notwithstanding the provisions of this paragraph, in the case of a proceeding under section 409 (a) or 706 (a) of this Act the court granting a stay under this paragraph shall issue a temporary injunction or restraining order enjoining or restraining, during the period of the stay, violations by the defendant of any provision of the regulation or order involved in the proceeding. If any provision of a regulation or order is determined to be invalid by judgment of the Emergency Court of Appeals which has become effective in accordance with section 408 (b) of this title, any proceeding pending in any court shall be dismissed, and any judgment in such proceeding vacated, to the extent that such proceeding or judgment is based upon violation of such provision. Except as provided in this subsection, the pendency of any protest under section 407 of this title, or judicial proceeding under this section, shall not be grounds for staying any proceeding brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code; nor, except as provided in this subsection, shall any retroactive effect be given to any judgment setting aside a provision of a regulation or order issued under this title.

"SEC. 409. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

"(b) Any person who willfully violates any provision of section 405 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than one year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

"(c) If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material or service for use or consumption other than in the course of trade or business may, within one year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus $10,000, or (2) an amount not less than $25 nor more than $50 as the court in its discretion may determine: *Provided, however,* That such amount shall be the amount of the overcharge or overcharges if the defendant proves that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such one-year period, or compromise with the seller the liability which might be assessed against the seller in such an action. If such action is instituted, or such liability is compromised by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages, or a compromise, under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered, or prior to such compromise. The President may not institute any action under this subsection on behalf of the United States—

"(1) if the violation arose because the person selling the material or service acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

"(2) if the violation arose out of the sale of any material or service to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

"SEC. 410. Each contract providing for the purchase of processed chickens or turkeys by any department or agency of the United States from any contractor, entered into at any time when ceiling prices are in effect under this Act for whichever of such fowl is covered by such contract, shall contain the following provision (with such change as may be necessary to describe the fowl covered by the contract):

" 'The contractor represents that the contract price is based upon an estimated price paid to the producers for live chickens or live turkeys to be processed hereunder. In the event and to the extent that the actual price paid to the producers of live chickens or live turkeys purchased for the performance of this contract is less than such estimated price, the contract price shall be reduced by the same number of cents or fraction thereof, per pound.'

"TITLE V

"SETTLEMENT OF LABOR DISPUTES

"SEC. 501. It is the intent of Congress, in order to provide for effective price and wage stabilization pursuant to title IV of this Act and to maintain uninterrupted production, that there be effective procedures for the settlement of labor disputes affecting national defense.

"SEC. 502. The national policy shall be to place primary reliance upon the parties to any labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement in the national interest. To this end, the President is authorized (1) to initiate voluntary conferences between management, labor, and such persons as the President may designate to represent government and the public, and (2) subject to the provisions of section 503, to take such action as may be agreed upon in any such conference and appropriate to carry out the provisions of this title. The President may designate such persons or agencies as he may deem appropriate to carry out the provisions of this title.

"SEC. 503. In any such conference, due regard shall be given to terms and conditions of employment established by prevailing collective bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this Act. No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, or with other applicable laws shall be taken under this title.

"TITLE VI—CONTROL OF CONSUMER AND REAL ESTATE CREDIT

"THIS TITLE AUTHORIZES THE REGULATION OF CONSUMER CREDIT AND REAL ESTATE CONSTRUCTION CREDIT ONLY

"SEC. 601. To assist in carrying out the objectives of this Act, the Board of Governors of the Federal Reserve System is authorized, notwithstanding the provisions of Public Law 386, Eightieth Congress (61 Stat. 921), to exercise consumer credit controls in accordance with and to carry out the provisions of Executive Order Numbered 8843 (August 9, 1941) until such time as the President determines that the exercise of such controls is no longer necessary, but in no event beyond the date on which this section terminates.

"SEC. 602. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of real estate construction credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe

maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form, and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this section or to prevent evasions thereof.

"In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider, among other factors, (1) the level and trend of real estate construction credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, (3) the need in the national economy for the maintenance of sound credit conditions, and (4) the needs for increased defense production.

"(b) No person shall extend or maintain any real estate construction credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any such credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any such credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any such credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this section; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

"(c) To assist in carrying out the purposes of this section, the President by regulation may require transactions or persons or classes thereof subject to this section to be registered; and, after notice and opportunity for hearing, the President by order may suspend any such registration for violation of this section or any regulation prescribed by the President pursuant to this section. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this section, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

"(d) For the purposes of this section, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, accounting, and other terms, insofar as any such definitions are not inconsistent with the provisions of this section:

"(1) 'Real estate construction credit' means any credit which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, new construction on real property or real property on which there is new construction. As used in this paragraph the term 'new construction' means any structure, or any major addition or major improvement to a structure, which has not been begun before 12 o'clock meridian, August 3, 1950. As used in this paragraph the term 'real property' includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term 'real estate construction credit' shall not include any loan or loans made, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended.

"(2) 'Credit' means any loan, mortgage, deed of trust, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

"SEC. 603. Any person who willfully violates any provision of section 601 or 602 or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

"SEC. 604. All the present provisions of sections 21 and 27 of the Securities Exchange Act of 1934, as amended (relating to investigations, injunctions, jurisdictions, and other matters), shall be as fully applicable with respect to the exercise by the Board of Governors of the Federal Reserve System of credit controls under section 601 as they are now applicable with respect to the exercise by the Securities and Exchange Commission of its functions under that Act, and the Board shall have the same powers in the exercise of such credit controls as the Commission now has under the said sections 21 and 27.

"SEC. 605. To assist in carrying out the objectives of this Act, the President may at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States Government, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall preserve the relative credit preferences accorded to veterans under existing law.

"TITLE VII—GENERAL PROVISIONS

"SEC. 701. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

"(b) In order to carry out this policy—

"(i) the President shall provide small-business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

"(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this Act, and in their formation there shall be fair representation for independent small, for medium, and for large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

"(iii) in administering this Act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

"(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

"(c) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950, and having due regard to the needs of new businesses.

"SEC. 702. As used in this Act—

"(a) The word 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivisions, or government agency.

"(b) The word 'material' shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

"(c) The word 'facilities' shall not include farms, churches or other place of worship, or private dwelling houses.

"(d) The term 'national defense' means the operations and activities of the armed forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.

"(e) The words 'wages, salaries, and other compensation' shall include all forms of remuneration to employees by their employers

for personal services, including, but not limited to, vacation and holiday payments, night shift and other bonuses, incentive payments, year-end bonuses, employer contributions to or payments of insurance or welfare benefits, employer contributions to a pension fund or annuity, payments in kind, and premium overtime payments.

"SEC. 703. (a) Except as otherwise specifically provided, the President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Government, including any new agency or agencies (and the President is hereby authorized to create such new agencies, other than corporate agencies, as he deems necessary), and he may authorize such redelegations by that officer or agency as the President may deem appropriate. The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act.

"(b) The head and assistant heads of any independent agency created to administer the authority conferred by title IV of this Act shall be appointed by the President, by and with the advice and consent of the Senate.

"SEC. 704. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper to effectuate the purposes of this Act, or to prevent circumvention or evasion, or to facilitate enforcement of this Act, or any rule, regulation, or order issued under this Act.

"SEC. 705. (a) The President shall be entitled, while this Act is in effect and for a period of two years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority, and it is assured that no adequate and authoritative data are available from any Federal or other responsible agency. In case of contumacy by, or refusal to obey a subpena served upon, any person referred to in this subsection, the district court of the United States for any district in which such person is found or resides or transacts business, upon application by the President, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

"(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided*, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

"(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"(d) Any person who willfully performs any act prohibited or willfully fails to perform any act required by the above provisions of this section, or any rule, regulation, or order thereunder, shall upon conviction be fined not more than $1,000 or imprisoned for not more than 1 year or both.

"(e) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000, or imprisoned for not more than 1 year, or both.

"SEC. 706. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

"(b) The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act. All litigation arising under this Act or the regulations promulgated thereunder shall be under the supervision and control of the Attorney General.

"SEC. 707. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation, or order issued pursuant to this Act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

"SEC. 708. (a) The President is authorized to consult with representatives of industry, business, financing, agriculture, labor, and other interests, with a view to encouraging the making by such persons with the approval by the President of voluntary agreements and programs to further the objectives of this Act.

"(b) No act or omission to act pursuant to this Act which occurs while this Act is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

"(c) The authority granted in subsection (b) shall be delegated only (1) to officials who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, unless otherwise required to be so appointed, and (2) upon the condition that such officials consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such officials obtain the approval of the Attorney General to any request thereunder before making the request. For the purpose of carrying out the objectives of title I of this Act, the authority granted in subsection (b) of this section shall not be delegated except to a single official of the Government.

"(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subse-

quent act or omission to act by reason of such finding or request.

"(e) The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President within ninety days after the approval of this Act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

"SEC. 709. The functions exercised under this Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof. Any rule, regulation, or order, or amendment thereto, issued under authority of this Act shall be accompanied by a statement that in the formulation thereof there has been consultation with industry representatives, including trade association representatives, and that consideration has been given to their recommendations, or that special circumstances have rendered such consultation impracticable or contrary to the interest of the national defense, but no such rule, regulation, or order shall be invalid by reason of any subsequent finding by judicial or other authority that such a statement is inaccurate.

"SEC. 710. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons temporarily in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

"(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

"(c) The President is authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act to employ experts and consultants or organizations thereof, as authorized by section 55a of title 5 of the United States Code. Individuals so employed may be compensated at rates not in excess of $50 per diem and while away from their homes or regular places of business they may be allowed transportation and not to exceed $15 per diem in lieu of subsistence and other expenses while so employed. The President is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

"(d) The President may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed; and he is authorized to provide by regulation for the exemption of persons whose services are utilized under this subsection from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

"(e) Whoever, being an officer or employee of the United States or any department or agency thereof (including any Member of the Senate or House of Representatives), receives, by virtue of his office or employment, confidential information, and (1) uses such information in speculating directly or indirectly on any commodity exchange, or (2) discloses such information for the purpose of aiding any other person so to speculate, shall be fined not more than $10,000 or imprisoned not more than one year, or both. As used in this section, the term "speculate" shall not include a legitimate hedging transaction, or a purchase or sale which is accompanied by actual delivery of the commodity.

"SEC. 711. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

"SEC. 712. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Defense Production (hereinafter referred to as the committee), to be composed of ten members as follows:

"(1) Five members who are members of the Committee on Banking and Currency of the Senate, three from the majority and two from the minority party, to be appointed by the chairman of the committee; and

"(2) Five members who are members of the Committee on Banking and Currency of the House of Representatives, three from the majority and two from the minority party, to be appointed by the chairman of the committee.

A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman and a vice chairman from among its members, one of whom shall be a Member of the Senate and the other a Member of the House of Representatives.

"(b) It shall be the function of the committee to make a continuous study of the programs authorized by this Act, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the standing committees of the Congress having legislative jurisdiction over any part of the programs authorized by this Act; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. Any department, official, or agency administering any of such programs shall, at the request of the committee, consult with the committee, from time to time, with respect to their activities under this Act.

"(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpena (to be issued under the signature of the chairman or vice chairman of the committee) or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this subsection.

"(d) The committee is authorized to appoint and, without regard to the Classification Act of 1949, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

"(e) The expenses of the committee under this section, which shall not exceed $50,000 in any fiscal year, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman or vice chairman. Disbursements to pay such expenses shall be made by the Clerk of the House of Representatives out of the contingent fund of the House of Representatives, such contingent fund to be reimbursed from the contingent fund of the Senate in the amount of one-half of disbursements so made without regard to any other provision of law.

"SEC. 713. The provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

"SEC. 714. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the Act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

"SEC. 715. That no person may be employed under this Act who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation or fund contained in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law. The termination of this Act, or of any agency or corporation utilized under its provisions, shall not affect the disbursement of funds under, or the carrying out of, any contract, guarantee, commitment or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts

advanced or paid out in carrying on operations under this Act.

"SEC. 716. (a) Titles I, II, III, and VII of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1952, but such titles shall be effective after June 30, 1951 only to the extent necessary to aid in carrying out contracts relating to the national defense entered into by the Government prior to July 1, 1951.

"(b) Titles IV, V, and VI of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1951.

"(c) Notwithstanding the foregoing—

"(1) The Congress by concurrent resolution or the President by proclamation may terminate this Act prior to the termination otherwise provided therefor.

"(2) The Congress may also provide by concurrent resolution that any section of this Act and all authority conferred thereunder shall terminate prior to the termination otherwise provided therefor.

"(3) Any agency created under this Act may be continued in existence for purposes of liquidation for not to exceed six months after the termination of the provision authorizing the creation of such agency.

"(d) The termination of any section of this Act, or of any agency or corporation utilized under this Act, shall not affect the disbursement of funds under, or the carrying out of, any contract, guarantee, commitment or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
MIKE MONRONEY,
JESSE P. WOLCOTT,
RALPH A. GAMBLE,
Managers on the Part of the House.

BURNET R. MAYBANK,
GLEN TAYLOR,
J. W. FULBRIGHT,
A. WILLIS ROBERTSON,
JOHN SPARKMAN,
HOMER E. CAPEHART,
RALPH FLANDERS,
(proxy by JOHN BRICKER)
JOHN W. BRICKER,
IRVING M. IVES,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute amendment. The Conferees have agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and minor changes, the differences between the House bill and the substitute agreed to in conference are explained below.

TITLE I—PRIORITIES AND ALLOCATIONS

Administration of priorities and allocations powers

Section 101 of both the House bill and the Senate amendment authorized the President to assign priorities and allocate materials and facilities to promote the national defense. Under the House bill the President could delegate this authority to any officer or agency of the Government, but the Senate amendment provided that, with certain exceptions, this power should be exercised by the Secretary of Commerce. The conference substitute follows the language of the House bill.

The conferees assume that, so far as practicable, in carrying out this section the President will not delegate the authority therein granted with respect to any one basic commodity except to a single agency of the Government. The conferees further assume that if the President makes extensive use of his powers under this title, he will designate an existing agency, or establish a new agency, to coordinate the activities of all Federal agencies under the bill.

Anti-hoarding provisions

Section 103 of the House bill, based on a provision of the Lever Act of World War I (40 Stat. 276), provided that any person who hoarded "necessaries" (defined to include foods, feeds, fertilizers, automobile tires and other specified commodities plus other unspecified commodities to be designated by the President) should be fined not more than $10,000 or imprisoned for not more than one year, or both. Section 102 of the Senate amendment, designed to accomplish the same purpose, subjected to the same penalty any person who accumulates (1) in excess of the reasonable and normal demands of business or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices, materials designated by the President as scarce or the supply of which would be threatened by such accumulation. The conference substitute (section 102) follows the language of the Senate amendment, except that the phrase "reasonable and normal demands of business or home consumption" is changed to read "reasonable demands of business, personal, or home consumption", and an introductory phrase "In order to prevent hoarding" is included in the section.

TITLE II—AUTHORITY TO REQUISITION

[Title III of House bill; title II of Senate amendment and conference substitute]

Suits in district courts

The House bill provided that a suit by the owner of any property requisitioned under the bill to recover just compensation for the property may be brought in the Court of Claims or, if the amount involved does not exceed $10,000, in any Federal district court. The Senate amendment provided that such a suit may be brought in any Federal district court, regardless of whether the amount involved exceeds $10,000. The House recedes.

Return of requisitioned property

The House bill and the Senate amendment contained different provisions with respect to returning requisitioned property to the original owner, upon payment by him of its fair value, after it is no longer needed. The principal differences were: (1) the House bill required such a return "to the extent feasible and practicable," but the Senate amendment contained no such qualifying language; (2) the House bill provided that the fair value of the property should be determined by the President, but the Senate amendment provided that a dispute between the President and the owner as to fair value should be settled by arbitration; (3) the House bill exempted fungibles and property valued at less than $1,000 from this requirement; and (4) the Senate amendment required that the property be returned not later than June 30, 1952. The conference substitute retains the provisions of the Senate amendment as to real property (except that the June 30, 1952, deadline is eliminated), and the provisions of the House bill as to personal property.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

[Title IV of House bill, title III of Senate amendment and conference substitute]

Guarantees

Section 401 of the House bill authorized any Federal agency "engaged in procurement" to guarantee financing institutions against losses incurred in financing contracts and other operations "related to efforts or undertakings on the part of the United States or any agency thereof which are designed to meet the necessities of the national defense." The corresponding section (301) of the Senate amendment (retained in the conference substitute) authorizes any Federal agency "engaged in procurement for the national defense" to make similar guarantees with respect to contracts and other operations "necessary to expedite production and deliveries or services under Government contracts for the procurement of material or the performance of services for the national defense."

Government installation of equipment

The Senate amendment contained a provision which authorized the President, when in his judgment it would aid the national defense, to install additional equipment, facilities processes, or make improvements to plants, factories and other industrial facilities owned by the Government. No similar provision was included in the House bill. The conference substitute contains this provision of the Senate amendment and in addition permits the installation of Government-owned equipment in plants, factories, and other facilities owned by private persons.

Loans for expansion of productive capacity

To assist in carrying out the objectives of the Act the House bill contained authority for the President to make provision for loans to private business enterprises for the expansion of capacity, the development of technological processes or the production of essential materials, including the exploration, development, and mining of strategic metals and materials. The Senate amendment contained similar authority for the purpose of expediting production and deliveries or services under Government contracts for the procurement of materials or for the performance of services for the national defense. Under the Senate amendment such loan authority was also broadened to include loans for research corporations not organized for profit. The conference substitute retains these provisions of the Senate amendment, except that the words "under Government contracts" are changed to "to aid in carrying out Government contracts" to make it clear that this authority extends to subcontracts and related operations.

Purchase authority for metals, minerals, and other raw materials

In the House bill authority was given to the President to make provision for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or resale. The Senate amendment included a similar provision and in addition provided for the encouragement of exploration, development, and mining of critical and strategic minerals and metals. This additional provision is retained in the conference substitute but it is clearly understood that the use of the word "encouragement" is not intended to interfere with the regular Government operations of the Bureau of Mines. Provision was further made excluding purchases for resale of agricultural commodities except for industrial uses or stockpiling. The conference substitute adopts the lan-

guage of the Senate amendment but provision is further made that no agricultural commodity shall be sold under the authority of this section at less than (1) the current market price or (2) the minimum sale price for agricultural commodities owned by the Commodity Credit Corporation as provided in section 407 of Public Law 439 of the Eighty-first Congress.

The Senate amendment added a new subsection (b) to this section which removed the procurement restrictions of other laws and gave authority to the President to make advance payments and prescribe other terms and conditions deemed necessary. Provision was made for payments in excess of current market prices, but such payments would be confined to cases in which the supply of essential materials could not be increased at lower prices or in which the purchases were necessary to assure availability to the United States of overseas supplies. The conference substitute retains this provision of the Senate amendment with the addition of language to make clear that the authority granted by this subsection is subject to the limitations outlined in the above paragraph.

New corporations

The House bill authorized the President to create new corporations for the purposes of sections 402 and 403. The Senate amendment authorized the creation of new agencies, but not corporations, for the purposes of sections 302 and 303 (the corresponding sections of the Senate amendment). The conference substitute contains the language of the Senate amendment.

Borrowing power

The House bill authorized corporations established or utilized for the purposes of sections 402 and 403 to borrow money from the Treasury to carry out their functions under the title, but provided that the total amount so borrowed should not exceed $2,000,000,000 outstanding at any one time. The Senate amendment provided that, pending the making of appropriations for the purposes of sections 302 and 303, agencies or corporations utilized for the purposes of such sections or subtitle B (a provision of the Senate amendment which related to the development of metals and minerals, and is not included in the conference substitute) could borrow up to $300,000,000 at any one time to carry out their functions under the title. The conference substitute authorizes such agencies or corporations to borrow from the Treasury to carry out their functions under sections 302 and 303, regardless of whether appropriations have been made for that purpose, but the total amount so borrowed may not exceed $600,000,000 outstanding at any one time. In addition, appropriations of up to $1,400,000,000 are authorized to carry out the purposes of sections 302 and 303.

TITLE IV—PRICE AND WAGE STABILIZATION

[Title II of House bill, title IV of Senate amendment and conference substitute]

Selective controls

Section 402 (b) of the House bill authorized the President to establish ceilings with respect to materials and services, and with respect to wages, salaries, and other compensation, either with respect to individual materials and services, or with respect to materials and services generally. The corresponding section (202 (b)) of the Senate amendment provided that such action could not be taken with respect to individual materials and services, but could be taken only with respect to materials and services generally. The conference substitute provides that such action may be taken either with respect to individual materials and services and to individual types of employment, or with respect to materials, services, and types of employment generally. However, a ceiling may be established with respect to an individual material or service only when the President finds that (1) the price of the material or service has risen or threatens to rise unreasonably above the price prevailing during the period from May 24, 1950 to June 24, 1950, (2) the price increase will materially affect the cost of living or the national defense, (3) the imposition of the ceiling is necessary to effectuate the purposes of the Act, (4) it is practicable and feasible to impose the ceiling, and (5) the ceiling will be generally fair and equitable to sellers and buyers of the material or service and related and competitive materials and services.

Relation between price controls and wage controls

The House bill authorized the President, in exercising price and wage controls, "at the same time both" to establish price ceilings and to establish wage ceilings, and, except when deemed necessary to prevent gross inequity or to effectuate the purposes of the Act, required the establishment of wage ceilings whenever an increase in wages would require increases in price ceilings or impose an undue burden on a seller operating under a price ceiling. The corresponding provision of the Senate amendment provided that whenever price ceilings were established (and they could be established only with respect to materials and services generally) wages should be established, and contained a similiar provision for exceptions necessary to prevent gross inequities or to effectuate the purposes of the Act. The House bill also required that wages be stabilized generally whenever price ceilings have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living. The corresponding provision of the Senate amendment provided for general stabilization of wages whenever price ceilings have been established on materials and services generally. The provisions of the House bill and the Senate amendment were rewritten in conference and are found in section 402 (b) of the conference substitute. It provides that when the President establishes price ceilings, he shall stabilize wages at the same time in accordance with the following principles. Whenever a price ceiling is established for a particular material or service, wages shall be stabilized in the industry or business producing the material or performing the service. In stabilizing wages under this provision the President shall prohibit wage increases which he deems would require an increase in the price ceiling or impose hardships or inequities on sellers operating under the price ceiling. When price ceilings have been established for materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living the President shall impose price ceilings generally and stabilize wages generally.

Applicable base period

In establishing ceilings on materials (including fish and fish commodities and the marketing and processing thereof) and services in which prices prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, are not representative because of wage disputes or other cause, it is clearly understood that a representative period other than the period May 24, 1950, to June 24, 1950, shall be selected in such cases in order that the ceilings established will reflect prices generally representative.

Contracts for future delivery

The Senate amendment contained a provision that requires the President to make appropriate provision to prevent hardships and inequities to sellers who have bona fide contracts in effect on the date of issuance of a price control regulation for future delivery of materials processed from raw materials in which seasonal demands or normal business practices require contracts for future delivery. The House bill contained no comparable provision. The conferees agreed to the Senate provision with an amendment making it applicable to all materials in which seasonal demands or normal business practices require contracts for future delivery.

Ceilings on agricultural commodities

The House bill contained provisions prohibiting the establishment of a ceiling on agricultural commodities below the higher of (1) the parity price of such commodity, or (2) the highest price received by producers during the period from May 24, 1950 to June 24, 1950, or (3) in those cases in which a producer did not normally market a commodity during the period from May 24, 1950, to June 24, 1950, the highest price received by a producer in the first thirty day normal marketing period following May 24, 1950. The Senate amendment provided that no ceilings could be established on an agricultural commodity below the highest of the following prices (1) the parity price of such commodity, or (2) the price received by producers during the period from May 24, 1950, to June 24, 1950 inclusive, or (3) in the case of any commodity for which the market was not active in the May 24 to June 24, 1950 period, the average price received by producers during the most recent representative period prior to May 24, 1950 adjusted by the Secretary of Agriculture to a price in line with the level of prices received by producers of agricultural commodities generally prevailing during the period from May 24 to June 24, 1950, or (4) in the case of fire-cured tobacco a price equal to 75 per centum of the parity price for burley tobacco of the corresponding crop, or of 66⅔ per centum of such parity price in the case of dark air-cured tobacco and Virginia sun-cured tobacco. The conference substitute retains the provisions of the House bill with respect to items (1) and (2) but retains the Senate amendment with respect to items (3) and (4).

The Senate amendment contained a further provision which was included in the conference substitute, requiring the President in establishing a ceiling for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this Act and for which different areas have different periods of marketing during such season, to give due consideration to affording equitable treatment to all producers of such agricultural commodity in all areas.

Public utility rates

Both the House bill and the Senate amendment exempted from price ceilings rates charged by any common carrier or other public utility. The Senate amendment, however, contained a proviso, which was not included in the House bill, which required that 30-day notice be given the President of any intended general increases in rates or charges over the base period, May 24 to June 24, 1950, any time after the President had issued stabilization regulations or orders. The common carrier or other public utility was also required to consent to timely intervention by the President, or such agency as he might designate, before the Federal, State, or municipal authority having jurisdiction to consider such rate increase. The conference substitute contains a substitute proviso under which any common carrier or other public utility, before making any increase in its charges for property or services sold by it for resale to the public, is required to give the above prescribed notice and consent to intervention, unless an application for an increase in charges was filed with the regulatory body having jurisdiction to consider such increase before the issuance by the President of stabilization regulations or orders.

Business practices

Section 402 (i) of the Senate amendment prohibited the President from using his control powers under title IV to eliminate or restrict the use of trade or brand names, require grade labeling, standardize materials or services except where no alternative exists for effective price control, or establish price ceilings on the basis of specifications or standards not previously in general use or required under Federal law. No similar provision was in the House bill. The provision is included as section 402 (h) of the conference substitute. Section 402 (j) of the Senate amendment prohibited the President from using his powers under title IV to require any retail seller or any service establishment operator to limit his sales with reference to any highest price line offered for sale by him at any prior time. No similar provision was in the House bill. The provision is included as section 402 (i) of the conference substitute, but the reference to service establishment operators is eliminated.

New independent agency

The Senate amendment contained a section providing that at such time as the President determines that it is necessary to impose price and wage controls generally over a substantial portion of the national economy he shall administer such controls, and rationing at the retail level, through a new independent agency created for such purpose. The Senate amendment likewise provided that such agency may utilize the services, information, and facilities of other agencies and departments of the Government but such agency shall not delegate enforcement of any of the controls to be administered by it under this section to any other agency or department. The House bill did not contain a comparable section. The conference substitute contains the same language as the Senate amendment.

It is not, however, the intention of the conferees to prevent such a new independent agency from utilizing the inspection and investigating services of existing agencies of the Government.

Settlement of Government suits

Both the House bill and the Senate amendment authorized the President to bring suit with respect to violations of ceilings applicable to sales under certain conditions where the buyer fails or is unable to bring suit. The Senate amendment added a provision authorizing the Government to compromise with the seller the liability which might be assessed against the seller in such an action. This provision is included in the conference substitute.

Emergency Court of Appeals

The Senate amendment contained a provision, which was not in the House bill, limiting the jurisdiction of the Emergency Court of Appeals to cases involving regulations and orders relating to price controls. This provision is included in the conference substitute.

Exclusive jurisdiction of Emergency Court of Appeals

The House bill gave exclusive jurisdiction to the Emergency Court of Appeals to determine the validity of price control regulations. The Senate amendment permitted any court of competent jurisdiction to pass upon the validity of such a regulation when involved in a case otherwise properly pending before it. The conference substitute retains the House provision, with an additional provision which permits recourse to the Emergency Court of Appeals when the validity of a regulation is questioned in certain cases pending in other courts, and provides for staying such cases until the Emergency Court of Appeals has made its determination. The additional provision (section 408 (e)) is similar to a provision of the Emergency Price Control Act of 1942, as amended.

Certain Government contracts

Section 410 of the Senate amendment required that any contract to purchase processed chickens or turkeys for the Government, entered into when price ceilings are in effect for the fowl covered by the contract shall contain a provision that in the event and to the extent the price paid to the producers of the fowls processed in performing the contract is less than the estimated price on which the contract is based the contract price shall be reduced by the same number of cents per pound. No similar provision was in the House bill. The provision is included as section 410 of the conference substitute.

TITLE V—SETTLEMENT OF LABOR DISPUTES

Section 501 of the Senate amendment declared the intent of Congress that there be effective procedures for the settlement of labor disputes affecting national defense. Section 502 provided that the national policy shall be to place primary reliance upon the parties to a labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement of the national interest. It authorized the President, after consultation with labor and management, "to establish such principles and procedures and to take such action as he deems appropriate for the settlement of labor disputes affecting national defense", and to designate appropriate persons, boards, or commissions to carry out the title. Section 503 provided that in any action taken under the title, due regard shall be given to terms and conditions of employment established by collective bargaining which will be fair to labor and to management and consistent with stabilization policies under the Act. It provided also that any such action shall be consistent with the Fair Labor Standards Act of 1938, other Federal labor standards statutes, the Labor Management Relations Act, 1947, and with other applicable laws. No similar provisions were included in the House bill. These provisions are included in the conference substitute, except that the provisions of section 502 relating to the authority of the President are replaced by provisions authorizing him in order to carry out the policy expressed in section 502 "(1) to initiate voluntary conferences between management, labor, and such persons as the President may designate to represent the government and the public (2) subject to the provisions of section 503 to take such action as may be agreed upon in any such conference and appropriate to carry out the provisions of this title", and to designate appropriate persons or agencies to carry out the provisions of the title. The President would be authorized under this provision to establish a board, commission or other agency, similar to the War Labor Board of World War II, to carry out the title.

TITLE VI—CONTROL OF CONSUMER AND REAL ESTATE CREDIT

[Title V of House bill; title VI of Senate amendment and conference substitute]

Limitation on credit controls

A new sentence is included at the beginning of title VI of the conference substitute to make it clear that the authority granted by the title may be used only to control consumer credit and real estate construction credit.

Consumer credit

The House bill authorized the President to control consumer credit in the same manner and to the same extent as real estate construction credit. The Senate amendment authorized the Federal Reserve Board to exercise consumer credit controls in accordance with and to carry out the provisions of Executive Order 8843 of August 9, 1941 (under which the so-called "Regulation W" was issued). The conference substitute (section 601) follows the language of the Senate amendment, with an added provision terminating the Board's control powers under the section whenever the President determines that such controls are no longer needed.

The Senate amendment contained a section designed to insure that the Federal Reserve Board in enforcing consumer credit controls could use the same powers as to investigations, injunctions, and jurisdictions as is now used by the Securities and Exchange Commission in the performance of its duties. The House bill contained no comparable provision. The conference report contains the language of the Senate amendment.

Loans secured by savings accounts

Attention of the conferees was called to the fact that while it was made clear in the Senate report that loans to members of savings and loan associations secured by share or deposit accounts in such associations should not be subject to consumer credit regulations, no mention was made that a similar exception should apply in the case of loans secured by a savings account in a savings bank. It is the intention of the conferees that equal treatment should be accorded borrowers against savings accounts in both types of savings institutions. Such loans secured by savings accounts in effect permit the borrowers to use part of their savings accounts without loss of accrued interest on the whole account.

Real estate construction credit

The House bill provided that the controls on real estate construction credit should not restrict loans by private lenders to any percentage of value or maturity less than the maximum authorized for loans of like classification made, insured, or guaranteed by the Government, nor should such controls otherwise discriminate in favor of Government loans against private loans. No similar provision was in the Senate amendment. This provision is not contained in the conference substitute.

To aid in their enforcement, the House bill contained a provision allowing the President to require transactions or persons subject to real estate construction credit controls to be registered or licensed. The Senate amendment made no provision for licensing but did provide for registration. The conference report conforms to the Senate language.

TITLE VII—GENERAL PROVISIONS

[Title VI of the House bill; title VII of the Senate amendment and conference substitute]

Allocation of supplies to business

The Senate amendment contained a provision requiring that whenever the President allocates any material to an extent which will result in a dislocation of normal distribution, he shall do so in such manner as to assure each individual business in the normal channel of distribution of such material of its fair share of the available civilian supply based, insofar as practicable, on the share received by such business during a representative period preceding June 24, 1950. The House bill was without a similar provision. The conference report contains the language of the Senate amendment with an amendment.

This amendment provides that when the President allocates a material, each segment of business in the normal channel of distribution of such material, so far as practicable, shall receive a fair share of such material and that due regard shall be given to the needs of new businesses.

Definitions

The House bill, in the General Provisions Title, defined "person" and "materials", The Senate amendment, in addition, defined "facilities", "national defense", and "wages, salaries, and other compensation". The con-

ference substitute contains the Senate definitions.

Delegation of authority to agencies

The House bill provided that any power or authority conferred upon the President by this Act could be delegated to any officer or agency of the Government including any new agency or agencies which were authorized to be created by the President when deemed necessary. The Senate amendment gave similar authority to the President except as otherwise specifically provided for in the Act. Inasmuch as the conference substitute elsewhere contains a provision that if price and wage controls are imposed generally over a substantial portion of the national economy they shall be administered through a new independent agency created for such purpose, it was necessary to include a similar exception in this section of the conference substitute.

The House bill provided that any attorneys appointed for these agencies could appear for and represent the agency in any case in any court. Such authority was omitted from the conference substitute in view of the fact that under the provisions of section 706 as adopted by the committee of conference all litigation arising under the Act or the regulations promulgated thereunder was placed under the supervision and control of the Attorney General.

The Senate amendment provided for appointment by the President, by and with the advice and consent of the Senate, of the head and assistant heads, and regional or State officers, of any independent agency created to administer the authority conferred by the price and wage stabilization title as well as the heads of regional and State officers of such agency. The conference substitute in adopting this provision of the Senate amendment deleted such requirement with respect to appointment of the heads of regional or State officers of such agency.

Jurisdiction to compel testimony

The Senate amendment contained a provision which gave jurisdiction to the appropriate Federal district court to compel appearance and giving of testimony in obedience to subpenas, and made failure to obey such an order punishable as a contempt of court. The conference substitute follows the language of the Senate amendment in this respect.

Penalty for violation of reporting requirements

No specific provision was made in the House bill for penalties for violation of the provision requiring the keeping of reports and furnishing of information necessary to the enforcement or administration of the Act and the regulations or orders issued thereunder. The Senate amendment provided that in the case of a willful violation of such requirements the person, upon conviction, could be fined not more than $1,000 or imprisoned for not more than one year, or both. The conference substitute contains a similar provision.

Encouragement of voluntary programs

Both the House bill and the Senate amendment contained provisions exempting from the prohibitions of the antitrust laws of the United States or the Federal Trade Commission Act actions taken at the request of the President and found by him to be in the public interest as contributing to the national defense. The Senate amendment in a subsection which was not included in the House bill, placed emphasis upon consultation of the President with representatives of industry, business, financing, agriculture, labor, and other interests with a view to encouraging the making by such persons, with the approval of the President, of voluntary agreements and programs to further the objectives of the Act. The Senate amendment further provided that any official authorized to approve requests for exemptions from the antitrust laws or the Federal Trade Commission Act in relation to a program of voluntary agreements shall be approved by the Senate unless otherwise required to be so appointed. The conference substitute contains the language of the Senate amendment with an amendment requiring that the prior approval of the Attorney General be obtained for any request under which exemption would be given in accordance with the provisions of this section.

Consultation in issuing regulations

The Senate amendment contained a provision which was not included in the House bill which required that any rule, regulation, or order or amendment thereto issued pursuant to the authority of the Act be accompanied by a statement that consultation had been had with industry representatives and consideration given to their recommendations. Appropriate provision for exemption was made from this requirement in special circumstances. It was further provided that no such rule, regulation, or order should be invalid in the event of a subsequent finding by judicial or other authority that such accompanying statement was inaccurate. This provision is included in the conference substitute.

Employment of personnel

In addition to similar provisions contained in the House bill and Senate amendment with respect to employment of personnel, the Senate amendment contained a provision authorizing the President to employ experts and consultants in carrying out the provisions of the Act. Individuals so employed could be paid not in excess of $50 per diem, allowed transportation expenses, and not to exceed $15 per diem in lieu of subsistence. The Senate amendment also authorized the President to utilize the services of Federal, State, and local agencies and to utilize such voluntary and uncompensated services as may from time to time be made. Appropriate provision was made for exemption of persons whose services were utilized under these provisions from the operation of certain specified provisions of Federal law. The conference substitute includes the additional provisions of the Senate amendment with respect to employment and utilization of personnel.

Applicability of act

The Senate amendment contained a provision which is included in the conference substitute stating that the provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

Speculation by Government employees

The Senate amendment contained a provision in section 710 (e) which made any officer or employee of the United States or any department or agency thereof (including members of the Senate or House of Representatives or members of the Armed Forces) subject to a fine of not more than $10,000 or imprisonment for not more than one year, or both, for speculating directly or indirectly on any commodity exchange or disclosing any information designated by the President as confidential for the purpose of aiding any other person so to speculate. Appropriate exemption was made from this prohibition for legitimate hedging transactions and any purchase or sale accompanied by actual delivery of the commodity. The House bill did not contain a similar provision. The conference substitute follows the language of the Senate amendment but limits the application of the penalty to use or disclosure, for purposes of speculating on any commodity exchange, of confidential information received by any such officer or employee by virtue of his office or employment.

Joint Committee on Defense Production

The Senate amendment provided for a joint congressional committee to be composed of five members of the Senate Committee on Banking and Currency and five members of the House Committee on Banking and Currency, to make a continuous study of the programs authorized by the Act and to review the progress achieved in executing and administering such programs. Provision was made for the election of a chairman by the members of the committee. Payment of expenses up to $50,000 in any fiscal year was authorized. No similar provision for a joint committee was included in the House bill. This provision is included as section 712 of the conference substitute except that the committee is authorized to elect from among its members a vice chairman, who shall not be a member of the same house as the chairman, and who is given the same power as the chairman to sign subpenas and vouchers.

Termination date

The House bill provided that the Act and all authority conferred thereunder should terminate June 30, 1951 or at such earlier time as the Congress by concurrent resolution or the President by proclamation might designate. The Senate amendment provided for termination on June 30, 1952 and likewise provided for termination by Congress or the President at an earlier date. In addition, the Senate amendment provided that the Congress might also provide by concurrent resolution that any section of the Act should terminate prior to June 30, 1952. The Senate amendment further provided that any agency created under the Act might be continued in existence for the purposes of liquidation for not to exceed sixty days after termination.

The conference substitute provides that titles I, II, III, and VII shall terminate at the close of June 30, 1952 but that such titles shall be effective after June 30, 1951 only to the extent necessary to aid in carrying out contracts relating to the national defense entered into by the Government prior to July 1, 1951. The conference substitute provides that titles IV, V, and VI shall terminate at the close of June 30, 1951. It retains the provision for termination by concurrent resolution or Presidential proclamation prior to the termination otherwise provided for and retains the Senate provision for termination of any section of the Act by concurrent resolution. Under the conference substitute, any agency created under the Act may be continued for purposes of liquidation for not to exceed six months after the termination of the provision authorizing the creation of such agency. It is also made clear that the termination of any section of the Act, or of any agency or corporation utilized under the Act, shall not affect disbursement of funds or carrying out of contracts, commitments, or other obligations entered into prior to the date of termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out.

Amendment to title

The conference substitute includes the Senate title of the bill.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
MIKE MONRONEY,
JESSE P. WOLCOTT,
RALPH A. GAMBLE,
Managers on the Part of the House.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BURTON (at the request of Mr. FUGATE), for an indefinite period, on account of illness in family.

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United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 81st CONGRESS, SECOND SESSION

Vol. 96 WASHINGTON, FRIDAY, SEPTEMBER 1, 1950 No. 175

House of Representatives

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Most merciful and gracious God, Thou hast created us in Thine own image and endowed us with capacities to attain unto the glorious likeness of the spirit of our blessed Lord.

Purge our minds and hearts from all those attitudes and activities which are contrary and alien to His spirit of love and reverence for Thee and good will toward man.

We pray that daily we may give life a more sacred and valiant reading by interpreting and manifesting its high and holy meaning and mission in terms of sacrificial service for God, for our country, and all mankind.

Grant that we may have a large part in building a nobler social order in which our bruised and broken and war-torn world shall find the blessing of peace.

We thank Thee for the Christian life and faithful ministry of Thy servant whose spirit now dwells with Thee in eternal blessedness. Grant unto the members of his bereaved family the consolation of Thy grace.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McDaniel, its enrolling clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 537. Joint resolution making emergency appropriations for the fiscal year 1951, and for other purposes.

The message also announced that the Senate agrees to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the House to bills of the Senate of the following titles:

S. 3409. An act to establish a new Grand Teton National Park in the State of Wyoming, and for other purposes; and

S. 4071. An act to provide allowances for dependents of enlisted members of the uniformed services, to suspend certain provisions of the Career Compensation Act of 1949, and for other purposes.

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. LANGER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States No. 51–6.

CERTIFICATION OF CITATION AGAINST JOSEPH P. KAMP

The SPEAKER. The Chair desires to announce that pursuant to House Resolution 836, Eighty-first Congress, he did on today, September 1, 1950, certify to the United States attorney for the District of Columbia the refusal of Joseph P. Kamp to answer questions and produce documents before the Select Committee on Lobbying Activities.

DEFENSE PRODUCTION ACT OF 1950

Mr. SPENCE. Mr. Speaker, I call up the conference report on the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 31, 1950.)

Mr. SPENCE. Mr. Speaker, this is a highly complicated and technical bill. A detailed explanation has been made in the statement of the managers on the part of the House. It was practically a unanimous report, only one of the conferees failing to sign it.

Mr. Speaker, we have no requests for time on this side. I yield 10 minutes to the gentleman from Kansas [Mr. COLE].

Mr. COLE of Kansas. Mr. Speaker, I call the attention of the House to a matter in this bill which I think is very important. I believe, Mr. Speaker, the conferees have done a good job with a difficult situation and under circumstances which were not conducive, perhaps, to an intelligent approach. By that I mean the Banking and Currency Committee of the House was not permitted to have full and extended hearings on this bill, so it was difficult for the conferees and the House to do what, in my opinion, at least, would be a good job.

But, Mr. Speaker, I think the record should be made very clear, after this bill is passed, that if certain things happen which are authorized herein, many of the Members of the Congress are going to be faced with some embarrassing questions.

I think the committee of conference put into this bill something that neither the Senate nor the House approved. That is the provision for selective price control and wage control:

Now, Mr. Speaker, I want to call the attention of the House to the fact that in the debate in the House on August 9 there was presented an amendment by the gentleman from Pennsylvania [Mr. KUNKEL] to strike out from the bill subsection 2 of the Price and Wage Stabilization Act. That was known as the second step. You remember, there were three steps provided for in that original bill: First, voluntary price control; second, selective price and wage control; and, third, across-the-board price and wage control. Now, the second step was stricken out in the House by a vote of, I think, 94 to 70; in other words, a good substantial part of the House committee voted to strike out selective price and wage control.

When the bill was passed by the other body, selective price and wage control was not contained in their bill. Therefore, Mr. Speaker, the conference committee in my judgment did put into the

bill something that was not in it when it passed the House, or the other body.

CALL OF THE HOUSE

Mr. RANKIN. Mr. Speaker, I make the point of order that a quorum is not present. This is just too important a measure to be considered without a quorum. If the conferees are going to legislate, in conference, and insert provisions that both the House nor the Senate rejected, the Members ought to be here to hear it discussed. The gentleman from Kansas [Mr. COLE] is giving us some very valuable information. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. PRIEST. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 269]

Abbitt	Heffernan	O'Konski
Allen, Ill.	Heller	Pace
Angell	Herlong	Patten
Bailey	Hoffman, Ill.	Perkins
Barrett, Pa.	Hoffman, Mich.	Pfeifer,
Barrett, Wyo.	Holifield	Joseph L.
Blackney	Jennings	Pfeiffer,
Blatnik	Johnson	William L.
Bolton, Md.	Jonas	Phillips, Tenn.
Brooks	Jones, Mo.	Plumley
Buckley, N. Y.	Kearney	Poulson
Burnside	Kee	Powell
Burton	Keefe	Quinn
Cannon	Kelly, N. Y.	Reed, Ill.
Carlyle	Kennedy	Regan
Celler	Keogh	Rhodes
Chudoff	Kilburn	Roosevelt
Clemente	King	Sabath
Cole, N. Y.	Klein	Sadowski
Coudert	Larcade	St. George
Crook	Latham	Scott,
Davies, N. Y.	Lyle	Hugh D., Jr.
Dawson	Lynch	Scrivner
DeGraffenried	McCormack	Sikes
Delaney	McCulloch	Sims
Denton	McGrath	Smathers
Dingell	McGregor	Smith, Kans.
Dollinger	McMillen, Ill.	Smith, Ohio
Douglas	Macy	Sutton
Durham	Magee	Taber
Engel, Mich.	Marcantonio	Taylor
Fernandez	Martin, Iowa	Thornberry
Fisher	Martin, Mass.	Vursell
Fogarty	Mason	Werdel
Gamble	Miller, Calif.	Whitaker
Gillette	Morgan	White, Idaho
Golden	Morrison	Whittington
Goodwin	Moulder	Wier
Granahan	Multer	Williams
Green	Murphy	Willis
Guill	Murray, Tenn.	Wilson, Ind.
Hall,	Murray, Wis.	Withrow
Edwin Arthur	Nelson	Wood
Hare	Noland	Woodruff
Harrison	Norton	Yates
Hébert	O'Brien, Mich.	Young

The SPEAKER. On this roll call 291 Members have answered to their names, a quorum.

By unanimous consent further proceedings under the call were dispensed with.

DEFENSE PRODUCTION ACT OF 1950

The SPEAKER. The gentleman from Kansas [Mr. COLE] may proceed.

Mr. COLE of Kansas. Mr. Speaker, I was saying that the conference committee had placed in the bill a provision for selective price and wage controls, and that provision had been eliminated from the bill by both the Senate and the House.

Now, Mr. Speaker, I realize it may be said that the House bill did contain selective price and wage controls. I notice the report on page 31 contains this statement:

> Section 202 (b) of the House bill authorized the President to establish ceilings with respect to materials and services, and with respect to wages, salaries, and other compensation, either with respect to individual materials and services, or with respect to materials and services generally.

Mr. Speaker, I think that statement would have been more correct if it had started in this fashion: "It is alleged and some people believe that the House bill contains a provision for selective price and wage control."

I want to read that part of the House bill with respect to selective controls. You will recall that in the committee action the House struck out the second, or selective, step. Remember there were three steps in the House bill: First, the voluntary step; second, the selective step; and, third, the across-the-board step, in which the President could control all wages and prices. The gentleman from Pennsylvania [Mr. KUNKEL] offered an amendment which struck from the House bill the selective control of prices and wages. Remaining in the bill, however, was the following language:

> Action under the subsection may be taken either with respect to individual materials and services or with respect to materials and services generally.

But this sentence followed the subsection establishing across-the-board controls.

Mr. Speaker, I concede that that does leave an interpretation, perhaps, that under some circumstances the President could provide for selective controls. But the action of the House, I insist, striking out and decided that we not want selective controls, definitely binds, in my opinion, the conference committee members.

Mr. Speaker, in the Committee of the Whole House when the gentleman from Pennsylvania offered his amendment, on page 12317 of the RECORD, the gentleman from Mississippi [Mr. COLMER] asked this question:

> Mr. COLMER. Some of us have not been able to follow where we would be if we voted for your amendment. Would the gentleman state in a few words, if your amendment were adopted, where would that leave the question of controls of commodities and wages?
>
> Mr. KUNKEL. It would put it right into the third section, which is subsection (c), on page 4, where there would be general, overall controls at which time it would be necessary to freeze wages generally and commodity prices generally.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. COLE of Kansas. I yield.

Mr. RANKIN. Subsection (2) on page 7 of the conference report was proposed in the House and voted down, was it not?

Mr. COLE of Kansas. That is correct.

Mr. RANKIN. And it was proposed in the Senate and voted down?

Mr. COLE of Kansas. That is correct.

Mr. RANKIN. And that is verbatim, spellatim, and punctuatim—what they had before the House and the Senate?

Mr. COLE of Kansas. That is correct.

Mr. Speaker, I want to point out what we are doing by enacting selective price controls. It has been said that some individual commodity or some individual material or some individual service will rise in price unreasonably or materially affect the cost of living. That, for this reason, a price ceiling should be placed on the individual item, and wages controlled in the business producing the item.

Let me say for instance the President should decide that bread has risen to such an extent that its price should be controlled. If price controls are put on bread under this law, a ceiling is placed upon the wages of people who are processing bread. Now, who processes bread? Of course, naturally we think of the baker. So under this law we will put a ceiling on the wages of bakers and not upon anybody else.

But remember, Mr. Speaker, not only is the baker processing bread, but into the cost of bread goes the cost of production of wheat, and into the cost of the production of wheat is the cost of production on the farm. The wages of the farm laborer, the man who cultivates the soil, the man who combines, and the man who trucks the wheat to the elevator, and the wages of the men in the elevator all enter into the cost of bread. They are engaged in the processing of the material to make bread.

The wheat travels, by truck and train, from the elevator to the mill; from the mill to the baker, and from the baker to the jobber, and from the jobber to the grocer.

All of the men employed in these businesses are paid wages. Does the law place a ceiling on all of their wages? If not, why not? And who shall select the favored who are not controlled?

So, Mr. Speaker, in order for you to put a wage ceiling upon those wage-earners who have an effect upon the price of bread, you cannot be selective.

Then we are not through with the problem. Remember in preparing the ground sometimes we use fertilizer. An interesting thing about some fertilizer today is that it is cheaper than it was in 1939. But the people who are working in the fertilizer industry are receiving twice as much in wages as they were receiving in 1939. Shall their wages be reduced?

Also in order to prepare the ground we use disks and harrows and plows and combines. All of these are manufactured by people who are receiving wages. So, before we can determine the price of bread we must determine the price of combines. Before we can determine the price of combines, we must determine how much wages those people receive who manufacture the combines.

Mr. Speaker, it seems to me to be utterly ridiculous to consider a bill which will permit such a dislocation of our economy

by placing selective price and wage controls on individual items. It just will not work.

The SPEAKER. The time of the gentleman from Kansas has expired.

(Mr. COLE of Kansas asked and was given permission to revise and extend his remarks.)

Mr. RANKIN. Mr. Speaker, a point of order.

Mr. Speaker, I make the point of order against subsection (2) on page 7 of the conference report on the ground that that provision was voted out by both the House and Senate and the conferees had no right to write it into the conference report. It reads as follows:

(2) Action under this subsection may be taken either with respect to individual materials and services and to individual types of employment, or with respect to materials, services, and types of employment generally. A ceiling may be established with respect to an individual material or service only when the President finds that (i) the price of the material or service has risen or threatens to rise unreasonably above the price prevailing during the period from May 24, 1950 to June 24, 1950, (ii) such price increase will materially affect the cost of living or the national defense, (iii) the imposition of such ceiling is necessary to effectuate the purposes of this act, (iv) it is practicable and feasible to impose such ceiling, and (v) such ceiling will be generally fair and equitable to sellers and buyers of such material or service and to sellers and buyers of related or competitive materials and services.

Now, remember, this identical provision was rejected by both the House and the Senate.

The gentleman from Kansas [Mr. COLE] did not go all the way in explaining the dangers of it. The House knew the dangers of it, and the Senate knew the dangers of it, because it would allow this group to fix the price of coal, lumber, wheat, corn, cotton, potatoes, hogs, cattle, milk, butter, eggs, chickens, and everything else, individually or collectively. It is one of the most far-reaching and dangerous steps toward socialistic, or communistic regimentation ever presented to the Congress of the United States. Both Houses rejected it; and yet it has been inserted by the conferees in violation of the rules of both Houses.

The SPEAKER. The Chair is ready to rule.

Mr. RANKIN. I just want to say, Mr. Speaker, that this provision was not in either bill and the conferees had no right to write it into the conference report.

The SPEAKER. Whether or not that is true, the statement has been read in lieu of the report. Debate has been had on the conference report. Therefore, although, if made at the proper time the Chair could have ruled on the point of order, coming as it does now, it is too late, and therefore the Chair overrules the point of order.

Mr. RANKIN. In that connection let me say that they waived the reading of the conference report, and we had to go and search to get a copy of it and read it to find out about this monstrosity.

The SPEAKER. That was done by unanimous consent.

Mr. RANKIN. I submit that under the circumstances a point of order against this provision is justified at this time.

The SPEAKER. The Chair knows of no precedent that supports the gentleman's contention. The Chair has overruled the point of order.

Mr. SPENCE. Mr. Speaker, I yield such time as he may desire to the gentleman from Mississippi [Mr. ABERNETHY].

Mr. ABERNETHY. Mr. Speaker, the RECORD of yesterday indicates that I was absent on roll call 267. I was present and answered to my name. I ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER. Without objection, the Journal and the RECORD will be corrected accordingly.

There was no objection.

Mr. SPENCE. Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania [Mr. KUNKEL].

Mr. KUNKEL. Mr. Speaker, you probably noticed I did not sign this conference report. My reason for not signing it is basically the one outlined by the gentleman from Kansas [Mr. COLE] in his remarks a few minutes ago. In my judgment, the clear intent of both the House and Senate was to impose controls across the board at one time, and at such time as the President determined that voluntary controls would not work.

When the House voted in favor of the amendment which I offered, it clearly indicated that intent. The Senate bill, in the final form as passed by the Senate, provided for the immediate transition from voluntary controls to general, over-all controls on both wages and prices. So I feel that this part of the bill does not represent the wishes of either body. I also feel that it will not do the job, because, with the huge expenditures and the huge production which this country is called upon to make as a result of the Korean operation, it is perfectly clear to me that this bill does not go far enough to solve the problem. Of course, this measure is absolutely necessary at this time. It contains many features which have to be instituted immediately and should have been put into effect before now. Consequently I do not feel like opposing the measure but I cannot urge its approval to other Members when it contains such basic defects as those I have pointed out.

I want to pay my respects to all the conferees, because this was quite a job in conference. It took a great deal of give and take. While I am opposed to this because it is basically against my ideas of what is necessary today, and because it does not fit the problem which we are called upon to meet, nevertheless, in view of the task which the conferees had to perform, I think they have done a very good over-all job. I want to say that despite that I disagree most heartily with their conclusion on this particular point. In many respects, the bill is better than the one which passed the House or the Senate. This is particularly true in regard to the general credit provision.

There is one additional factor involved here. Subsection 3 reads:

That whenever ceilings on prices have been established on materials with respect to a particular material or service the President shall stabilize wages, salaries, and other compensation in the industry or business producing the material or performing the service.

I called attention to the unfairness of that in the original debate. If a man is working in the steel industry, and a ceiling price is imposed on steel, then the President may impose a wage ceiling on the steelworker's wages. The steelworker is not protected at all against the rise in the cost of living, because the amount of steel he buys is relatively insignificant in comparison with what he has to pay out for other commodities which he needs, such as food, furniture, and things like that. At the same time, a man working in a shoe industry, living across the street, where the price of shoes is not frozen, can get a wage increase. It seems to me that a provision along that line is bound to cause more industrial unrest than anything we might put into this bill. Yet, as I read this provision, it is mandatory that the President do that when he puts a freeze on the cost of a commodity, and only has certain exceptions in which he could possibly make adjustments.

I feel that that provision is absolutely unfair to labor all the way down the line. If you are going to freeze wages, you have only one justification for trying to do so, and that is that you are going to protect the laboring man against an increase in the cost of living. But you do not do this under a selective system. The only way this could be remedied under this bill is that the President should skip this intermediate step, of his own volition, and go at once into a general, over-all control program.

I am afraid that the President will not do that, because he has opposed the elimination of the selective control provisions of this bill and has indicated very clearly that he wants the opportunity to have a selective control period. Of course, in my judgment, if you have a selective control period you will have greater and greater dislocations each day. When the time comes that it is necessary to impose over-all controls—and I feel sure that time will come—I think it will be too late to do it. That is the reason I have taken the position I have all through the debate on this bill. The dislocations will be so great that the administrative task will be impossible to perform. But if you are going to have over-all controls of wages and prices it is necessary to put them into effect as soon as those prices and wages have been determined by actual economic causes and by free collective bargaining.

I feel that the price-control section as written is against the wishes of both bodies; I feel that it will cause more harm than it can possibly cause good. I think it destroys the whole purpose we in the House had in mind and that the Senate had in mind. Therefore, I was unable to sign this report.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. RANKIN. As a matter of fact, both Houses voted down this provision, did they not?

Mr. KUNKEL. I notice that the gentleman has said that, but I do not actually remember. I do know that both

Houses voted in favor of eliminating selective controls; and that is the key to the question in both Houses.

Mr. RANKIN. The distinguished gentleman from Kansas [Mr. COLE] said in response to my inquiry that both the House and the Senate had voted this down.

Mr. KUNKEL. The gentleman may be right; I just do not happen to remember that, so I am not stating it as a fact.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. CASE of South Dakota. Does the conference report retain the so-called Wherry amendment provision for consultation by industry groups in livestock?

Mr. KUNKEL. The report retains the provision for industry consultation. I do not know that it provides for industry consultation on livestock, but it does provide for consultation.

There are a great many things in this bill that are good and anybody is completely justified in voting for it on the ground that it is necessary to take some steps at this time.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. FULTON. If the gentleman will recall, when the bill was before the House the gentleman from Pennsylvania [Mr. BUCHANAN] and I sponsored an amendment which kept controls off the press, off of magazines, books, and media of information. Is that retained in the conference report?

Mr. KUNKEL. That is included; the gentleman will find that at the bottom of page 9.

Mr. BUCHANAN. Mr. Speaker, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. BUCHANAN. Does the gentleman make the contention that the freezing of wages, say in the steel industry, as he illustrated, is taken care of by the language in section 402 (b) (1)?

Mr. KUNKEL. No; in 402 (b) (3).

Mr. BUCHANAN. Does the gentleman recall the language in 402 (b) (1), whether or not the term "and at the same time shall issue regulations and orders stabilizing wages"? Does the gentleman contend that freezing and stabilizing bear the same connotation?

Mr. KUNKEL. I am using those words interchangeably; yes.

Mr. BUCHANAN. I do not agree with the gentleman on the question of stabilizing. I do not feel that wages are stabilized or frozen at the same time that the price is.

Mr. KUNKEL. I think the gentleman is making a distinction without a difference, but it is a question of phraseology.

Mr. HINSHAW. Mr. Speaker, will the gentleman yield?

Mr. KUNKEL. I yield.

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at the conclusion of the remarks of the gentleman from Pennsylvania [Mr. KUNKEL].

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. FULTON. Mr. Speaker, will the gentleman yield further?

Mr. KUNKEL. I yield.

Mr. FULTON. I want to compliment the gentleman on bringing out the fact that it will cause further injustices in the economic picture by having selective controls; and might I ask if it would not cause injustice as between various geographical areas? For example, areas dependent on steel and coal, if they are controlled and the rest of the country is not, would be a geographic dislocation.

Mr. KUNKEL. The gentleman's observation is sound. In addition to that, if we control wages in essential industries we will find the people working in those industries tending to drift out of the important industries, that is, important from the standpoint of war production which is the point we are looking at, and into industry where the wage is not controlled; and it actually will interfere with the production effort. I think, therefore, this provision is vicious and terribly unfair to labor. Anybody who has the real interest of labor at heart should certainly look very carefully at this provision.

(Mr. KUNKEL asked and was given permission to revise and extend his remarks.)

[Mr. HINSHAW addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Does the gentleman from Kentucky yield to the gentleman from Mississippi for a parliamentary inquiry?

Mr. SPENCE. I yield to the gentleman from Mississippi for a parliamentary inquiry.

Mr. RANKIN. Mr. Speaker, do we have a right to offer amendments to this report?

The SPEAKER. Conference reports are not subject to amendment. They are voted either up or down.

Mr. RANKIN. The only thing to do then would be to vote it up or down or offer a motion to recommit it to the conference committee?

The SPEAKER. The gentleman is correct.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made a few moments ago on the point of order.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. SPENCE. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Speaker, I think it is agreed by everyone that the conferees had a most difficult task. I have been in conference on bills which have been reported out of the House Banking and Currency Committee for at least 12 years and possibly 14 years. I have never been in a conference where there has been as much in controversy as there was in this conference.

The managers on the part of the House and the managers on the part of the Senate are not bound always by their own personal likes, dislikes, or interests in respect to compromising differences between House and Senate language. We do the best we can. In this case I believe the bill is a better bill than when it left the House; I believe it is a better bill than when it left the Senate.

May I take just a moment on selective controls. I do not disagree with anyone in respect to selective controls except I believe that the issue of selective controls has been blown up into a balloon much larger than its importance in respect to this legislation justifies. Under both the House and Senate bills selective controls could be put on. The major difference between the two in respect to selective controls is that under the Senate language the selective controls would be put on through a process of elimination; otherwise they would be put on directly. Now, of course, that would have been a very cumbersome procedure. If the administrators of this law wanted to put price controls on steel and only steel they could have frozen all prices as of a given date and then adjusted generally all prices excepting steel and they would have effectually provided for selective controls on steel alone.

I bring that out because on the floor, in the committee, in the press, and over the radio the issue has been created as a major issue between the House and Senate positions, that the one provided for selective controls, the other provided only for general controls. And, if it did become an issue—and it did, of course—that issue has been subordinated to the other most important issues in this bill. I believe that one of the most, if not the most important issue in this bill—and I want to reiterate this and make the fifth speech, if I may, on this question—is that with respect to general credit controls. I believe the House thought we had eliminated general credit controls, but it did not do so. The Senate, I do not think, was conscious of the fact until we got into conference, that they had left in the bill provisions which would have enabled the President to control every dollar of private credit, which is credit that does not emanate from the Federal Government or any agency of the Federal Government.

Now, one of the things which I was most pleased about was that the conference committee, finally realizing that the President, under both bills, was given that authority, struck it from both bills, and those of us who were in favor of free enterprise and in favor of not giving any individual, no matter how benignly he might administer the controls, the control of all credit, were very pleased that the controls in this bill are confined to consumer credit controls and to the control of credit incident to new construction on real estate.

I felt that another very important provision in this bill transcending, perhaps, all others, was whether this Congress would have an opportunity next spring to say whether it wanted to con-

tinue these controls. The House had provided that they should expire on June 30, 1951. The Senate had provided that the authority expire on June 30, 1952. The House prevailed, and in consequence the Congress will be able to determine as shortly after January 3 as they want to whether they want to continue any of these controls beyond June 30, 1951. Even on January 4, 1951, the Congress can, by concurrent resolution, repeal the act. That, to me, was more important than this issue of selective controls. The credit provision was more important than selective controls. And there was one other more important thing here, I think, than selective controls, and that is whether the cost of production should be controlled as well as the price of the commodities.

Now we have provided in conference what I think was the intent of both the House and the Senate in respect to tying the control of the cost of production with the price of the commodities.

On page 6 of the conference report in respect to price and wage stabilization you will find in subsection (b) of 402 a provision that when any controls are put on prices, the President shall control the cost of production. Of course, that includes wages.

Mr. POAGE. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Texas.

Mr. POAGE. I offered an amendment on that in the House and used the words that the President, when he puts controls on prices, shall control wages. I note that the conference committee went back to the wording that the House committee originally brought in and said that he shall stabilize wages. I wonder if the gentleman would explain the reason for using different words in relating to prices and to wages. Is there any significance in the use of the word "stabilization"?

Mr. WOLCOTT. Not any more than there is in the stabilization of prices. This bill is intended to set up the machinery under which our economy may be stabilized.

Mr. POAGE. Then why did they not use the same wording as to prices and as to wages?

Mr. WOLCOTT. Because it would not be advisable to freeze wages any more than it is advisable to freeze prices. So long as you have the provision in this bill which authorizes the President—and it was in both bills—to make adjustments, to correct inequities, and to remove hardships, then of course it follows you have given him authority to stabilize prices and stabilize wages. Unless you did have that in there you would not be able to do so.

Mr. BARDEN. Mr. Speaker, will the gentleman yield for a question?

Mr. WOLCOTT. I yield.

Mr. BARDEN. When the bill was in the House we struck out title V. It went to the Senate. As I understand it title V is put on a voluntary basis, that is, after the Government and public have been considered. As I can further understand it, and if I am in error I hope the chairman will correct me, there can be no interference with the operations of the Fair Labor Standards Act of 1938, as amended, and the Labor-Management Relations Act of 1947, and all other applicable laws bearing on this subject. That means, if I am correct, that there cannot be any board set up or commission set up, or any arrangements whereby either the Concilation Service of the Labor-Management Act or the Fair Labor Standards Act can be circumvented or nullified.

Mr. WOLCOTT. The gentleman is absolutely correct. In order that there might be no question of the intent of the conferees in respect to that title, I wish to make a clarifying statement. At one point in the conference we were deadlocked on it. It seemed to be the key to whether they were going to get a bill out or not. I am more or less responsible for this language. In drafting the language and in submitting it to the conference, and the conference in adopting the language, intended that the President might initiate voluntary conferences only. Whether management and labor would even participate in such a conference was purely voluntary on their part. The President, after this voluntary conference might take such action as had been agreed upon voluntarily at the conference to effectuate the conclusions of the conference. It is my very definite interpretation of the language that the President may set up or may use any person or agency for the purpose of carrying out the agreements entered into voluntarily in this voluntarily created conference. There is nothing in the title which is designed, or which permits any action to be taken by the conference or by the President or any agency or person or board set up in consequence of this provision, which is contrary to any of the provisions of any of the existing laws in respect to labor.

Mr. McCONNELL. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. McCONNELL. In connection with what the gentleman has just stated, is it his understanding that the sentence saying that the President may designate such persons or agencies as he may deem appropriate to carry out the provisions of this title means that he is to be guided entirely in that designation by the action taken under this complete title V?

Mr. WOLCOTT. That is my understanding, because the only thing which can be done under this title is the calling or initiating of this voluntary conference.

Mr. McCONNELL. They mention here in the descriptive part of the report on page 35 that the President would be authorized under this provision to establish a board, commission, or other agency similar to the War Labor Board of World War II to carry out the purposes of the title. It is my understanding that he could not designate such a board unless it was agreed to under the provisions of title V, is that correct?

Mr. WOLCOTT. That is my very distinct understanding.

Mr. McCONNELL. I thank the gentleman.

Mr. WOLCOTT. Mr. Speaker, I want to say particularly one thing in respect to dates, because I do not want to be put in the position of having purposely misstated it. In respect to the date of termination, we provided that with respect to the exercise of priorities, allocation of authority to requisition materials for expansion of the productive capacity supply, titles 1, 2, 3, and 7 of the bill, that for the purpose of carrying out and performing contracts entered into previous to June 30, 1951, these titles would apply and be operative until June 30, 1952. This is merely to carry out contracts entered into prior to June 30, 1951.

The SPEAKER. The time of the gentleman from Michigan [Mr. WOLCOTT] has expired.

Mr. DONOHUE. Mr. Speaker, I do not rise in any spirit of antagonistic controversy concerning this vital measure before us. Neither do I make any pretense of being able to recommend the exact detailed course we should follow to properly prepare our people to meet the terrible scourge of Communist aggression now going on in Korea, and God knows where tomorrow.

With no wish to introduce any additional unnecessary argument, I will, therefore, confine myself only to general treatment of this important problem of adequate defense legislation.

It appears to me that the distinguished chairman of the Banking and Currency Committee, committee members, and conferees have worked diligently and unceasingly, night and day, to present us with a reasonable bill; they are to be congratulated for their patriotic endeavor. I am most happy to observe the bipartisan approach of debate in this House and the evident wish of all Members to have the problem treated in an unprejudiced, nonpartisan fashion. It is a good omen for the times and the country.

I know our valiant soldiers in Korea, many of whom have already given their lives, and the people whom we individually represent, are turning their eyes toward us for leadership in this crisis. We must not fail them.

We have already discussed this problem fully. I earnestly feel there is need for expediency in our action.

It is my conviction that, on the whole, the committee bill and conference report embodying the recommendations of the Chief Executive, is an adequate and sufficient measure for the conditions currently existing. Of course, if current conditions change, then we can move accordingly. In that respect, I most earnestly urge that this Congress be kept in session without adjournment until this emergency is over.

The bill and report before us is all that is now asked by the President. It is approved by General Bradley and endorsed by Mr. Symington, Chairman of our National Security Resources Board. Let us not lose sight of the fact that the President has the machinery in the Commodity Credit Corporation to control food and clothing. We have in this measure, first, provisions for voluntary controls of wages and prices. I do not

think anyone will dispute the fact that if we can work under the system of voluntary cooperation, it is, by far, the better and wiser way to proceed. If it does not succeed, by any chance, then there is power in this bill for the President to impose selective controls—selective controls on prices and wages in the industries affected. If a price ceiling is placed on a commodity, and threatened wage increases would interfere with the production of the commodity under the ceiling, ceilings may then be put on the wages to tie in prices and wages so that production may continue. In the event that both of the methods outlined above fail, then the Commander in Chief, at his option, can exercise over-all controls.

The remaining titles of H. R. 9176 are substantially what the President has asked for to combat inflation. They are allocation and priority authority, the right to requisition, consumer credit control, and the authority to make loans for industrial expansion and production.

It seems to me the powers set forth in this measure are, for this time, reasonable, moderate, and thoroughly American. In our anxiety to cover this necessity of defense preparation, let us be careful we do not unnecessarily inflict the very regimentation and restrictions of individual freedom contained in the diabolical communistic philosophy we are fighting.

It seems to me that this program is both logical and effective as things are now. We certainly need expedition in the passing of this bill. It is obvious that there is on the horizon a vicious spiraling of prices and wages chasing each other which can only bring disaster to the country. It is absolutely essential that we effectively meet this condition which is steadily growing worse.

In your everyday life you know what is happening. You know everything is rising in price all the time. The purchasing power of the dollar is depreciating so that those who work for wages, those who work for salaries are at a great disadvantage. Those who are living on fixed incomes, see their income disappearing. That is a condition we must stop immediately, because it is not only destructive to the welfare of our wage earners, but it is also destructive to the economy of our Nation. We must retain the just purchasing power of our dollar in order to insure that our Government, which means the people, is not defrauded in the tremendous purchases that must be made if we are forced into the prosecution of an extended war.

Right now, I wish to state my belief that an effective excess-profits tax should be imposed as soon as possible as the cornerstone of a tax program which will, as nearly as practicable, place us on a pay-as-you-go basis. It is absurd to talk for one minute of imposing price and wage controls without, at the same time, imposing an excess-profits tax. When we speak of a new system of taxes on our individual citizens to help pay for our war program we should also reimpose a substantial excess-profits tax which, in my conviction, should be based on current earnings. Today, and as long as this emergency period continues, we must persistently strive for as nearly a balanced budget as we can get. In my opinion there should be no objection to a true "excess" profits tax, because war is not, never has been, and never should be a game of profit for anyone and, I think, I am expressing the feeling of every fighting military man when I make that statement.

Mr. Speaker, I have spoken a little longer than I really intended, but my heart and mind are filled with this subject. I have supreme confidence that ninety-nine and nine-tenths percent of the people in this country are truly patriotic, ready, and willing to make the severe sacrifices it appears we will be called upon to endure, for God knows how long. With faith in the Almighty and united effort by all individuals and segments in this beloved country, I am sure we will succeed in this gigantic task before us.

Mr. DAVENPORT. Mr. Speaker, events since June 25, 1950, show there is little time for us to erect a fortress of might to deter the Kremlin from expanding in other soft spots in the world.

What has happened in Korea must not be permitted to happen elsewhere. We must make ourselves so strong that the Soviet totalitarians will not dare to overrun established governments. The cry of the hour is men and arms and a resolve that totalitarianism must not advance.

Never again must we fool ourselves into believing that because we have the greatest potential strength of any nation on earth that others will not dare attack us. It is folly to say 2 years after trouble begins we can establish the mightiest army and the most horrible of military weapons in quantities large enough to destroy any enemy The time is now.

The urgency is today. We do not have an enemy who will give us 2 years to establish complete military mastery. What we need is a big stick now and a loud, clear voice.

New troubles may break out anywhere—in Iran, Germany, Indochina, Tibet. We are wasting brain power trying to fathom where the next blow will land. We are suddenly on the defensive only a few short months after proclaiming loudly to the world that if the Soviets attack at 4 a. m., we would defeat them that same day.

We have no business being on the defensive. The Communist doctrine has always been one of expansionism. We cannot blame anyone else for our sad state today. But we can show that henceforth we mean business.

I believe that the time has come to approach this problem head-on and not as we have so far. The danger is ever present. It will not recede until we show we are strong enough to halt it. And if we are strong, perhaps we can avoid world war III. That must be our immediate goal.

There is only one answer, and that is to mobilize our entire population in this struggle. We need universal military training today and not in some future Congress when—and I quote one of our leaders—"There will not be so many other issues up for consideration." Our army must reach several millions in the shortest possible time.

We will need all-out priority controls to allocate materials to defense plants and to essential civilian users. For those remaining supplies, we will need a price-control system so that everyone will have an opportunity to share what can be spared. We must pass legislation imediately to take all profits out of this gigantic, self-sacrificing effort. We must have no new defense millionaires, while our population is reducing its standard of living.

If plans for a rapid expansion of our military potential are acted upon with a daring and speed we know our great country is capable of, then, and only then, will we be able to force the Communist hordes back to the dark ages from whence they emerged.

The time has come for action. The future of democracy is at stake. The welfare of our families, the hopes we have for eventual peace, higher standards of living throughout the world, friendship among all races and honor among men—these are at stake today. Let us not falter or plan too meagerly.

INFLATION CONTROL VITAL

Mr. ELATNIK. Mr. Speaker, wholesale prices have increased by over 10 percent since the beginning of the Korean affair, and retail prices are following suit. Unless Congress acts vigorously to prevent further price rises this inflationary spiral that is developing will undermine our economy and wreck the living standard of the American people. It is for this reason that the inflation-control provisions written into this bill (H. R. 9176) directly affect the welfare of every American for better or worse.

In addition to authorizing the President to allocate scarce materials and restrict credit, the inflation-control provisions of this measure will permit the Chief Executive to control prices and wages through three methods: (1) Voluntary agreements between labor and industry; (2) establishment of selective controls, with prices and wages to be frozen at the same time; and (3) all-out mandatory ceilings on wages and prices.

I need not comment on the value of voluntary schemes for controlling inflation—voluntary controls have always failed in the past, and will fail again. So I will confine my remarks to the President's authority to establish selective and over-all price-wage freezes.

Perhaps the price-wage authority found in this bill will retard inflation, but I am convinced that further price rises are certain to occur within the framework of this law, and that the people's living standards will suffer as a result. The cause is obvious—the bill does not clearly spell out the President's power to roll back prices to June 25 levels. Instead, it merely says that the President shall give consideration to previous price levels. This vague language apparently means that the President lacks authority to roll back prices.

I also want to strongly protest against the unworkable and inequitable provision of this bill which states that if price ceilings are established the President

must also freeze wages. This price-wage freeze formula is nothing more than a Republican scheme to "let prices go up first and then freeze both prices and wages." It means, in effect, that the workers of America will be given a wage decrease in terms of real wages and that the burden of inflation is being shifted to the backs of the low-income groups. It is the same old GOP story—more profits for big business but smaller incomes for the worker and the farmer.

Mr. Speaker, the present inflationary spiral must be stopped, and the price gouging and profiteering now being practiced by big business must be curbed. Congressional action is needed over and above the provisions of this watered-down, compromise inflation-control measure. I am convinced that the following program is needed to control inflation, and I now recommend this program to the Congress:

First. The President should be given authority to roll back both wholesale and retail prices to June 15 levels.

Second. Existing rent controls should be strengthened, and those rental areas which have been decontrolled during the past 3 years should be recontrolled wherever it is found that housing shortages exist.

Third. The President should be given power to impose rationing of those consumer goods in which shortages may occur.

Fourth. Congress should immediately impose an excess-profits tax on corporate profits, and sharply increase the income tax in the upper brackets to stop profiteering.

Fifth. Legislation should be adopted to limit speculation on the stock and commodity exchanges.

Sixth. Personally, I have always been opposed to wage controls because they usually work out to the detriment of labor standards, and I am still opposed to such controls in principle. Assuming, however, that wage controls are going to be imposed, I do insist that they be established only after the previous wage-price balance has been restored by a price roll-back to June levels. Moreover, any wage ceiling should be elastic enough to permit wage adjustments whenever necessary to protect the real wages of the worker.

Mr. REES. Mr. Speaker, this control bill is one of the most important pieces of legislation enacted at the present session. It affects the living of 150,000,000 Americans. It places tremendous power and authority in the hands of one man. I do not understand why the leadership of the House and Senate—those in charge of the administration—have insisted that so much selective control is granted in this legislation and so much power given to the President.

It seems to me that when controls are made effective you will need to go all the way; otherwise the whole thing will be inequitable and will be unfair to various groups of people, including labor, industry, business—in fact the general public. Whether this legislation proves satisfactory will depend upon its administration and the administration has certainly been given blank check authority in this bill.

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks during the consideration of the conference report.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SPENCE. Mr. Speaker, I move the previous question on the adoption of the conference report.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the conference report.

Mr. COLE of Kansas. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. COLE of Kansas. I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. COLE of Kansas moves to recommit the conference report to the committee of conference for further study.

Mr. SPENCE. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit, offered by the gentleman from Kansas [Mr. COLE].

The question was taken; and on a division (demanded by Mr. RANKIN), there were—ayes 20, noes 155.

Mr. RANKIN. Mr. Speaker, I object to the vote on the ground that no quorum is present, and I make the point of order that no quorum is present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and twenty-three Members are present, a quorum. The motion is not agreed to.

So the motion to recommit was rejected.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS IN THE RECORD

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that all Members of the House shall have the privilege until September 11, 1950, to extend and revise their own remarks in the CONGRESSIONAL RECORD on more than one subject, if they so desire, and also to include therein such short quotations as may be necessary to explain or complete such extension of remarks.

Mr. PHILLIPS of California. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PHILLIPS of California. Does that include both the Appendix and the body of the RECORD?

The SPEAKER. The request related to the Appendix.

Is there objection to the request of the gentleman from Tennessee?

There was no objection.

INDUCTION OF MEDICAL, DENTAL, AND ALLIED SPECIALISTS

Mr. VINSON. Mr. Speaker, I call up the conference report on the bill (S. 4029) to amend the Selective Service Act of 1948, as amended, so as to provide for special registration, classification, and induction of certain medical, dental, and allied specialist categories, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 31, 1950.)

Mr. VINSON. Mr. Speaker, as the statement will disclose, the viewpoint of the House prevailed in the conference; that is, the bill is practically agreed to as it passed the House. We did change the word "doctors" and call them "physicians"; and we tried to broaden the function of the advisory committee. That is the only thing that happened in conference.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

JURISDICTION CONFERRED ON COURTS OF THE STATE OF NEW YORK WITH RESPECT TO CIVIL ACTIONS BETWEEN INDIANS

Mr. MORRIS. Mr. Speaker, I call up the conference report on the bill (S. 192) to confer jurisdiction on the courts of the State of New York with respect to civil actions between Indians or to which Indians are parties, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 31, 1950.)

Mr. MORRIS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

DESIGNATION OF ACTING CLERK

The SPEAKER laid before the House the following communication, which was read by the Clerk:

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
Washington, D. C., September 1, 1950.

The Honorable the SPEAKER,
House of Representatives.

SIR: Desiring to be temporarily absent from my office, I hereby designate Mr. H. H. Morris, an official in my office, to sign any and all papers and do all other acts for me which he

would be authorized to do by virtue of this designation and of clause 4, rule III, of the House.

Respectfully,

RALPH R. ROBERTS,
Clerk of the House of Representatives.

MEETINGS OF THE HOUSE UNTIL SEPTEMBER 11

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Tuesday next; that when the House adjourns on Tuesday next it adjourn to meet on Friday, September 8, 1950; that when the House adjourns on Friday, September 8, 1950, it adjourn to meet on the following Monday, September 11, 1950.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

AUTHORIZATION TO RECEIVE MESSAGES AND SIGN ENROLLED BILLS OR JOINT RESOLUTIONS

Mr. PRIEST. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until Tuesday next the Clerk be authorized to receive messages from the Senate and that the Speaker or Speaker pro tempore be authorized to sign any enrolled bills or joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

MEETING PLACE OF THE HOUSE ON AND AFTER SEPTEMBER 5

Mr. PRIEST. Mr. Speaker, I present a privileged resolution and ask for its immediate consideration.

The Clerk read as follows:

House Resolution 838

Resolved, That when this House adjourns on Friday, September 1, 1950, it will adjourn to meet in the caucus room in the New House Office Building on Tuesday, September 5, 1950, and it shall continue to meet there until otherwise ordered.

Resolved, That all rules relating to the Hall of the House shall be applicable to the caucus room.

Resolved, That the Clerk communicate these resolutions to the President of the United States and to the Senate of the United States.

The resolution was agreed to.

LEGISLATIVE BUSINESS FOR NEXT WEEK

Mr. MICHENER. Mr. Speaker, the gentleman from Tennessee just secured a unanimous-consent request that the House recess tonight until next week, and that there be 3-day recesses until a week from next Monday. At those sessions, will speeches be permitted and will there be any business transacted excepting to meet and adjourn?

The SPEAKER. The Chair may say that the Speaker pro tempore will have the right to name conferees and receive messages. Otherwise the House will meet, prayer will be offered, the Journal will be read, and the House will then adjourn.

Mr. MICHENER. I thank the Chair.

CORRECTION OF ROLL CALL

Mr. REDDEN. Mr. Speaker, on August 30, on roll call No. 263, the RECORD indicates that I was absent when the vote was taken on the Patterson resolution. I wish to state I was present and voted for the resolution. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. IRVING. Mr. Speaker, I was present at all roll calls yesterday, but in checking the RECORD this morning I find that roll call 267 shows I was absent. I ask unanimous consent that the RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

PERSONAL ANNOUNCEMENT

Mr. FULTON. Mr. Speaker, on yesterday I was in New York City attending a session of the United Nations Security Council, engaged in official work; hence I was absent from the floor.

EXTENSION OF REMARKS

Mr. JACKSON of Washington asked and was given permission to extend his remarks.

Mr. ALLEN of Illinois (at the request of Mr. ARENDS) was given permission to extend his remarks and include an essay.

Mr. LEONARD W. HALL (at the request of Mr. ARENDS) was given permission to extend his remarks and include an editorial.

Mr. BLACKNEY (at the request of Mr. HALLECK) was given permission to extend his remarks.

Mr. SADLAK asked and was given permission to extend his remarks.

Mr. CANNON (at the request of Mr. BATES of Kentucky) was given permission to extend his remarks and include a letter from the Director of the Budget.

Mrs. BOLTON of Ohio asked and was given permission to extend her remarks in 3 instances.

Mr. JAVITS asked and was given permission to extend his remarks in four instances and include extraneous matter.

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that the special order which I have for today be incorporated in the RECORD immediately following the remarks of the gentleman from Connecticut [Mr. SADLAK] on the invasion of Poland.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

SPECIAL ORDER

Mr. JACOBS. Mr. Speaker, I ask unanimous consent that the special order which I have for today be transferred to Monday, September 11.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE SACRED CAUSE OF POLAND

Mr. PHILBIN. Mr. Speaker, today marks the eleventh anniversary of the iniquitous Nazi attack on Poland. In that unspeakable infamy the gallant and noble Polish people became the first, in the then free world, to feel the bitter sting of the tyrant's lash in World War II. Thus, a brave, free nation, embracing a peace-seeking, liberty-loving, devoted Christian people, was brutally assaulted by international brigands, who disregarded all the laws of God and man and contravened the expressed terms of existing and valid nonaggression pacts.

It will be recalled that at that time, Poland was a member in good standing of the League of Nations and an ally of France and Great Britain. Her people had struggled long and sacrificed bitterly to establish their free Government. Yet, without provocation and without warning, Hitler's hordes attacked Poland on September 1, 1939, just as the Soviet-led, Moscow-directed forces of North Korea attacked the democratic-minded people of South Korea about 2 months ago.

The duplicity and treachery behind this attack on Poland constitutes one of the blackest pages in world history. Although at the time pretending friendship for Poland, Stalin approved the Soviet-German Treaty and connived with Hitler by ordering his own troops to invade Poland on September 17, 1939. This treacherous act effectually prevented the armed forces of Poland from putting up effective resistance to the Nazi invaders. What followed is history. At a later meeting at Moscow, attended by representatives of the Nazi and Soviet states, Poland was put on the carving block and cut up between Nazi Germany and Soviet Russia.

In the meantime, one great aggressor against freedom has been dispatched by force of arms. Has that fact stopped aggression in the world? It has not. In place of the old one a new and even more widely spread and subtly organized aggressor lifts his ugly head and casts a cloud upon freedom-loving peoples throughout the world. Hitler has been liquidated but Stalin has taken his place preaching the gospel of hate against his fellow man and carrying the torch of rebellion, insurrection and conspiracy to the far corners of the earth. This new aggressor, which now menaces the peace of the entire world, has already, by various means, acquired not only helpless, defenseless Poland but twelve other great independent nations, including China.

It is to the everlasting credit and glory of the Polish people that they have never surrendered their rights, they have never forfeited their freedom, they have never bowed to enslavement, they have never

Mr. CONNALLY. I yield to the Senator from Oregon.

Mr. MORSE. The Senator from Oregon completely agrees with the Senator from Texas, and desires to ask the Senator from Texas whether he will not move for a reconsideration of the action taken, because it is perfectly obvious to all that there should have been a quorum call before a vote on a question of this kind, which has held the attention of the Senate for days, and there should be a record vote on it. I suggest to the Senator from Texas that he move that the vote be reconsidered.

Mr. CONNALLY. I thank the Senator. I probably shall do so.

Mr. O'MAHONEY. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. I call attention to the fact that all day yesterday there were discussions going on as to when we might have a vote upon the amendment. Last evening for 1 hour and 15 minutes the Senate was engaged in a futile colloquy in an effort to fix a time at which the vote could be taken.

I think it was generally understood that this is a matter of such grave importance that there should be a yea-and-nay vote of the Senate upon it. The Senator from Wyoming, who was seated in the Chamber, was called to another part of the Chamber while the Senator from Colorado [Mr. MILLIKIN] was still speaking. As I passed the Senator from Texas, the Senator from Texas was on his feet apparently asking for recognition. I thought the Senator was about to make some more comments upon the amendment. Apparently that was not the fact, but he was seeking to ask for the yeas and nays. The question was stated immediately after the sudden termination of the address of the Senator from Colorado. In all the circumstances, Mr. President, I feel that it will be quite proper for us to ask the Senator from Georgia and the Senator from Colorado not to take advantage of the parliamentary situation which now exists, but to agree that there may be a yea-and-nay vote, without the necessity of making the motion to reconsider the vote by which the substitute amendment has now been agreed to.

It seems to me the vital significance of this matter is so well recognized that the sponsors of the substitute amendment will agree to have the record of a yea-and-nay vote upon this issue.

Therefore, Mr. President, I ask unanimous consent that there may be a yea-and-nay vote upon this issue.

The VICE PRESIDENT. The Senator from Wyoming asks unanimous consent that the vote by which the substitute amendment was agreed to be reconsidered, and that the yeas and nays be had upon the substitute. Is there objection?

Mr. GEORGE. Mr. President, if the vote is to be taken without further debate we will not object to it.

Mr. CONNALLY. Mr. President, I desire to finish my remarks upon the subject. I shall want to take about 5 minutes.

Mr. GEORGE. I shall have to object then, unless the Senator is ready to conclude.

Mr. CONNALLY. I am ready to conclude in about 5 minutes. I have not taken up much time in this debate. I have spoken only once.

Mr. O'MAHONEY. Mr. President, let me make a modification so the matter can be settled; I ask that the Senator from Texas may be permitted to conclude his remarks within 5 minutes, and that we may then have reconsideration with a yea-and-nay vote.

Mr. GEORGE. Mr. President, we have no objection if we can secure a vote.

The VICE PRESIDENT. Without objection, it is so ordered. The Senator from Texas is recognized for 5 minutes.

Mr. CONNALLY. Mr. President, I want Senators to know what they are voting on. They are voting on a delaying, rear-guard action in connection with this issue. No one is going to be fooled by the talk about more time, and more time, to study the matter. The subject has been before the Congress for years, and anyone who wishes to understand it can easily understand it if he will consult the record.

It is now proposed to put the matter off. It is said, "We want more time. We want to study the matter." Both the eminent Senators from Georgia and from Colorado have been doing nothing else than studying this subject. They have been studying it since they have had it before them, but not with the thought of advancing it, but to slow it up, to put the brakes on a little tighter. Mr. President, they want to put it off for several months. We cannot put off the Korean war for several months. It is here now. We cannot put off the demand and the necessity for increased taxes. But Senators can put off taxing profiteers who are growing rich while all other citizens are being taxed at a higher rate than they paid last year.

Talk about the little man. Someone said something about small business. Under this bill the man with an $800-a-year income is going to pay more taxes than he paid last year; the man with a thousand-dollar-a-year income is going to pay more than he paid last year; but the taxes of the profiteer who is going to make more money, tremendously more money than he made last year, will in effect be decreased on the basis of the mass of his earnings. No, Mr. President, let no one fool himself about this matter. If Senators are for an excess-profits tax, let them vote down the George-Millikin amendment. If they are against an excess-profits tax let them vote for it.

Mr. President, I used to practice law. I used to have some criminal cases now and then. Every time we had a hard case, a difficult case, we made a motion for a continuance. That, in effect, is what is now being done here. The George-Millikin amendment is, in effect, a motion for a continuance. When we practiced law we made such motions in the hope that some of the witnesses would die, in the hope that some of them would leave the country, in the hope that something would happen in order to make our defense more safe. What we have now is in effect a motion for a continuance. If Senators want to adopt such tactics, let them vote for the George-Millikin amendment, but if they are for an excess-profits tax, let them vote it down.

We have had plenty of time to consider this question. The Senate can act on it and adopt some sort of amendment on this subject. The amendment can be worked out in conference between the House and the Senate conferees. We can devise an income-tax amendment. But the Senator from Colorado is so anxious, so very anxious, to get an excess-profits tax that he wants to study the subject during the interval between now and next January.

No, Mr. President, let us not fool ourselves. The issue is before us. If Senators are for an excess-profits tax, let them vote down the substitute amendment. If Senators do not want an excess-profits tax, let them vote for the amendment of the Senator from Georgia and the Senator from Colorado.

Mr. O'MAHONEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The question is on the substitute amendment offered by the Senator from Georgia and the Senator from Colorado to the amendment of the Senator from Wyoming and the Senator from Texas.

Mr. LUCAS. I suggest the absence of a quorum.

The VICE PRESIDENT. The yeas and nays have been ordered by unanimous consent. The absence of a quorum has been suggested. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hill	Malone
Anderson	Hoey	Martin
Benton	Holland	Maybank
Bricker	Humphrey	Millikin
Butler	Hunt	Morse
Byrd	Ives	Mundt
Capehart	Jenner	Murray
Chapman	Johnson, Colo.	Myers
Chavez	Johnson, Tex.	Neely
Connally	Johnston, S. C.	O'Mahoney
Darby	Kefauver	Pepper
Donnell	Kem	Robertson
Douglas	Kerr	Russell
Dworshak	Kilgore	Saltonstall
Ecton	Knowland	Smith, Maine
Ellender	Langer	Smith, N. J.
Ferguson	Leahy	Sparkman
Frear	Lehman	Stennis
Fulbright	Lodge	Thomas, Okla.
George	Long	Thomas, Utah
Gillette	Lucas	Thye
Graham	McCarran	Watkins
Green	McClellan	Wherry
Gurney	McFarland	Williams
Hendrickson	McKellar	Withers
Hickenlooper	McMahon	Young

The VICE PRESIDENT. A quorum is present.

The question is on agreeing to the George-Millikin substitute for the O'Mahoney-Connally amendment.

Those who favor the substitute will, as their names are called, vote "yea."

Those who oppose the substitute will, as their names are called, vote "nay."

The Secretary will call the roll.

The legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY], the Senator from Idaho [Mr. TAYLOR], and the Senators from Maryland [Mr.

O'CONOR and Mr. TYDINGS] are necessarily absent.

The Senator from Mississippi [Mr. EASTLAND] is absent because of illness.

The Senator from Arizona [Mr. HAYDEN] is absent on public business.

The Senator from Washington [Mr. MAGNUSON] is absent by leave of the Senate on public business.

The Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from Washington [Mr. MAGNUSON] on this vote. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Washington would note "nay."

The Senator from Arizona [Mr. HAYDEN] is paired on this vote with the Senator from Maryland [Mr. O'CONOR]. If present and voting, the Senator from Arizona would vote "nay," and the Senator from Maryland would vote "yea."

The Senator from Maryland [Mr. TYDINGS] is paired on this vote with the Senator from Idaho [Mr. TAYLOR]. If present and voting, the Senator from Maryland would vote "yea," and the Senator from Idaho would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Washington [Mr. CAIN], the Senator from Kansas [Mr. SCHOEPPEL], the Senator from New Hampshire [Mr. TOBEY], the Senator from Michigan [Mr. VANDENBERG], and the Senator from Wisconsin [Mr. WILEY] are absent by leave of the Senate. If present and voting, the Senator from Kansas [Mr. SCHOEPPEL], would vote "yea."

The Senator from New Hampshire [Mr. BRIDGES] is absent because of illness, and, if present, would vote "yea."

The Senator from Vermont [Mr. FLANDERS] is absent by leave of the Senate on official business as a temporary alternate Governor of the World Bank.

The Senator from Maine [Mr. BREWSTER], the Senator from Wisconsin [Mr. MCCARTHY], the Senator from Oregon [Mr. CORDON], and the Senator from Ohio [Mr. TAFT] are necessarily absent. If present and voting, the Senator from Oregon [Mr. CORDON] would vote "yea."

The Senator from Maine [Mr. BREWSTER] is paired with the Senator from Vermont [Mr. FLANDERS]. If present and voting, the Senator from Maine would vote "yea" and the Senator from Vermont would vote "nay."

The Senator from New Hampshire [Mr. TOBEY] is paired with the Senator from Wisconsin [Mr. WILEY]. If present and voting, the Senator from New Hampshire would vote "yea" and the Senator from Wisconsin would vote "nay."

The result was announced—yeas 42, nays 36, as follows:

YEAS—42

Benton	George	Long
Bricker	Gillette	McClellan
Butler	Gurney	McFarland
Byrd	Hendrickson	McKellar
Capehart	Hickenlooper	Malone
Chapman	Hoey	Martin
Darby	Holland	Maybank
Donnell	Ives	Millikin
Ecton	Jenner	Robertson
Ellender	Johnson, Colo.	Russell
Ferguson	Kem	Saltonstall
Frear	Kerr	Smith, N. J.
Stennis	Watkins	Williams
Thomas, Okla.	Wherry	Withers

NAYS—36

Aiken	Johnson, Tex.	Morse
Anderson	Johnston, S. C.	Mundt
Chavez	Kefauver	Murray
Connally	Kilgore	Myers
Douglas	Knowland	Neely
Dworshak	Langer	O'Mahoney
Fulbright	Leahy	Pepper
Graham	Lehman	Smith, Maine
Green	Lodge	Sparkman
Hill	Lucas	Thomas, Utah
Humphrey	McCarran	Thye
Hunt	McMahon	Young

NOT VOTING—18

Brewster	Flanders	Taft
Bridges	Hayden	Taylor
Cain	McCarthy	Tobey
Cordon	Magnuson	Tydings
Downey	O'Conor	Vandenberg
Eastland	Schoeppel	Wiley

So the George-Millikin substitute for the O'Mahoney-Connally amendment was agreed to.

Mr. GEORGE. Mr. President, I move to reconsider the vote by which the Senate has agreed to the amendment to the amendment.

Mr. MILLIKIN. I move to lay the motion on the table.

The VICE PRESIDENT. The question is on the motion of the Senator from Colorado to lay on the table the motion of the Senator from Georgia to reconsider.

The motion to lay on the table was agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment, as amended by the substitute.

The amendment, as amended, was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 192) to confer jurisdiction on the courts of the State of New York with respect to civil actions between Indians or to which Indians are parties.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4029) to amend the Selective Service Act of 1948, as amended, so as to provide for special registration, classification, and induction of certain medical, dental, and allied specialist categories, and for other purposes.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

DEFENSE PRODUCTION ACT OF 1950—CONFERENCE REPORT

Mr. MAYBANK. Mr. President, I submit a conference report on the bill (H. R. 9176) to establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, strengthen controls over credit, regulate speculation on commodity exchanges, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes, I ask unanimous consent for the present consideration of the conference report.

The VICE PRESIDENT. The report will be read for the information of the Senate.

(For conference report see pp. 14223–14231 of House proceedings, CONGRESSIONAL RECORD of August 31, 1950.)

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. It has been very difficult to hear, owing to the confusion in the Senate Chamber. What is now before the Senate?

The VICE PRESIDENT. The conference report on the so-called controls bill.

Mr. WHERRY. I thank the Chair.

The VICE PRESIDENT. The question is agreeing to the conference report.

Mr. WHERRY. Mr. President, I should like to ask a few questions.

Mr. MAYBANK. Mr. President, if the Senator will yield, I desire to make a brief statement. We have labored long, and we have labored hard, since July 19, in fact, in an effort to bring to the Senate and to the House a measure which might be agreed upon. I think my friends on the other side of the aisle will agree to that. We have before us a conference report which was agreed to by the House, with but 20 votes for recommittal. We have here a report with many different provisions. I feel every Senator probably has a question or a doubt about one section or another of the report. I have myself. It has been necessary to effectuate a compromise. All labor requires compromise between the Senate and House. For instance, the conferees omitted the Senate provision regarding confirmation of regional officers or State officers. The conferees on the part of the Senate have yielded to the House on certain things, and the House conferees have yielded to us on certain other things. The members of the conference, knowing the situation which exists in the world and having heard the testimony yesterday afternoon in executive session given by those in

charge of munitions and those in charge of other important Government programs, believe that controls in the case of those programs should be extended until 1952, particularly titles 1, 2, and 3, which the President requested.

When it comes to title 4, the conference determined unanimously that the expiration date should be June 30, 1951, which would be less than 10 months.

I shall be happy to answer any questions that any Senator may desire to ask, but I hope the conference report will be agreed to by the Senate, as it has been agreed to by the House.

Mr. MARTIN. Mr. President, I do not want to take the time of the Senate to read a statement which I have prepared on the subject now before the Senate. I therefore ask unanimous consent that I may have it printed in the RECORD at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MARTIN

Mr. President, the conference report on the defense production bill of 1950, now before the Senate, gives the President of the United States unlimited power to impose ceilings over prices and wages as he deems necessary, to restrict consumer credit, to establish priorities and allocations for critical materials, to requisition and control inventories, and to provide for the expansion of the production and supply of materials for defense.

When the President sent his message to Congress, he did not ask for the power to fix prices and wages. He stated that these powers were not necessary. Later the President stated that if Congress desired to give him these specific powers he would be glad to accept them on his terms.

He stated that this grant of power must be so broad that he could fix prices and wages either on a selective basis or generally, and that the method of administration should be left free to the executive branch of Government. He also stated that he should be given exclusive jurisdiction in determining which agency or agencies were to administer all or part of the priority and allocation program.

When the defense production bill was before the Senate, it was the sense of this body that priorities and allocations should be administered by one agency, and we designated that agency—the Department of Commerce.

The great majority in the Senate felt that if the power to fix prices and wages was to be exercised effectively it must be general and not selective. We also felt that in order to stabilize our economy, prices and wages must be fixed simultaneously. The bill which passed the Senate made these points clear.

In a recent State-wide broadcast to the people of Pennsylvania, I said I had great fears of inflation unless effective controls were placed and placed now to protect the consumers of our Nation.

I said then and I repeat now:

"Everyone knows that prices are constantly moving upward. With increased Government spending for defense they will rush even higher. Labor is already demanding wage increases to meet the rising cost of living. Artificial shortages have been created by some unscrupulous businessmen to extort higher profits from the public.

"Unless controls are put into effect at once, clear across the board, we will have a race between prices and wages that will mean a dangerous inflation.

"Let me say that we cannot have wage control without price control. Neither can we have effective price control without wage control. They must go together."

In other words, Mr. President, if we are to halt runaway spiraling of the cost of living, controls must be placed simultaneously on both prices and wages, clear across the board.

In my opinion that is the only system of controls which have any chance of working.

The conference report, Mr. President, gives the power to the President to do the job piece meal, as he may see fit. It gives him the power to use selective controls. In my opinion this will not and cannot work.

It will be a rank failure and must end in confusion all along the line.

Reading the conference report gives the impression that when the President establishes a ceiling on prices he must at the same time establish a ceiling on wages. But a more careful examination of this report leads me to the opinion that the President may place a ceiling on prices, and that ceiling may be a roll-back, but he has no authority to roll-back wages.

Paragraph 5 of section 402B states:

"In stabilizing wages under paragraph 3 of this subsection the President shall issue regulations prohibiting increases in wages, salaries, and other compensation."

All the President can do is to prohibit increases and nothing more. And mark you this, he need only prohiibt increases in wages "which he deems would require increases in the price ceiling or impose hardships or inequalities on sellers operating under the price ceiling."

It is my contention that paragraph 5 is by way of explanation and limitation of the prior subsection. The President does not have to fix wages, salaries, and compensation simultaneously with the fixing of price ceilings although section 3 says he must. Section 5 nullifies section 3.

In approving this conference report the Congress is merely acting as a rubber stamp. We are surrendering our power to legislate to the executive branch of Government. We are saying to the executive branch, we are giving you the authority to make all the decisions. We are surrendering to you by default our congressional power to determine when, if, and how controls and ceilings should be imposed. We are saying to the President, you may invoke as little control as you wish or as much control as you wish. You may invoke it when you wish. You may do it piece meal or otherwise.

We are saying to him you may impose price ceilings but not wage ceilings before the election if you think that is a good idea. Under this bill he may delay all action indefinitely.

The Constitution of the United States places upon Congress the responsibility for making the laws and empowers the President to execute them.

The Constitution makes no provision for Congress to sign a blank check so that the executive branch of Government can fill in the amount and the terms.

It seems to me that when we approve this conference report we are signing a blank check permitting the executive branch of the Government to fill in the amount and the terms of that check.

Mr. President, if the Congress of the United States is to carry out its function as a truly legislative body we should have the courage to pass a bill with complete and clearly stated provisions to meet the present situation immediately and effectively.

If we want to abdicate our powers and responsibilities the way to do it is to delegate the legislative function of Government to the President.

Mr. President, although I am not in agreement with the conference report in its entirety I shall vote for it in the hope that the President will exercise the broad powers granted to him in accordance with the views of the Senate as expressed in the Senate bill.

Mr. WHERRY. Mr. President, will the Senator from South Carolina yield for a question?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Nebraska?

Mr. MAYBANK. I am glad to yield.

Mr. WHERRY. It is very difficult to know all that is in the report or to know exactly what has been done. I am vitally interested in three or four amendments, Not having had an opportunity to study the report closely, I should like to ask a few questions. As the conference report comes to the Senate, we find on page 6, section 402 (b) the following language:

To the extent that the objectives of this title cannot be attained by action under subsection (a)—

That is the voluntary plan—

the President may issue regulations and orders establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service—

I come now to the language which, as I understood, was inserted by the conferees—

and at the same time shall issue regulations and orders stabilizing wages, salaries and other compensation in accordance with the provisions of this subsection.

In the next paragraph, subparagraph 2, if I read it correctly, it is provided that action under this subsection may be taken either with respect to any individual materials, and so forth, "or with respect to materials, services, and types of employment generally." I desire to ask the distinguished Senator first, does not the conference report come to the Senate with this new section, written by the conferees, which provides selective price control?

Mr. MAYBANK. The Senator is entirely correct. It comes to the Senate with a new section, but it represents the writing of a section in the nature of a compromise between the House language and the Senate language.

Mr. WHERRY. For the benefit of at least my thinking, I should like to pursue the colloquy further. As the bill left the Senate, we had a section 402 (a) under which the President may encourage and promote voluntary controls in keeping with our free economy. If voluntary controls fail, the Senate bill then provided that the President may apply mandatory controls, and in so doing price ceilings must be applied across the board, and ceilings on wages must be established at the same time.

I should next like to ask the distinguished Senator about the language in the conference report which refers to the changes which have been made in section 402 (b) of the Senate bill.

In section 402 (b), subsection (1), my question is, What is the meaning of the word "stabilizing"? The Senate bill authorized ceilings on prices and ceilings on wages. We come now to the word "stabilizing," which was stricken from the Senate bill. Let me read it. I merely want to get the interpretation of the conferees. It may help a little in

connection with the legislative history. I refer to the last line on page 6, which reads: "and at the same time shall issue regulations and orders stabilizing wages." What does that mean? Does "stabilizing" mean a ceiling would be imposed on wages, as provided in the bill when it left the Senate, or does it mean that there is to be a fluctuation back and forth?

Mr. MAYBANK. As written in the report it means a fixing of wages.

Mr. WHERRY. Does the Senator mean to fix wages, as intended by the language of the Wherry-Bricker amendment? Is that what is intended by the word "stabilizing"?

Mr. MAYBANK. I should prefer to have the Senator from Indiana or the Senator from Ohio answer that question.

Mr. WHERRY. I think the Senator can give me the answer.

Mr. MAYBANK. I should like the Senator from Ohio [Mr. BRICKER] or the Senator from Indiana [Mr. CAPEHART] to answer that question.

Mr. WHERRY. Will the Senator please tell me what he understands it to be?

Mr. MAYBANK. I understand it to be authority to prohibit any increase in wages.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. MAYBANK. I shall be glad to yield.

Mr. WHERRY. Mr. President, I have the floor, and I am asking the questions. I asked the chairman of the committee first. Then I should like to ask the ranking minority member of the committee his views, and then I should be glad to have any other Senator who wants to answer the question——

Mr. MAYBANK. I have expressed my views.

Mr. CAPEHART. Mr. President, all I can say is that it was the intention of the conferees and the intention of the language to have "stabilization" mean just what it says. It means that the President will control wages and prices.

Mr. WHERRY. Does it mean that he will fix wages immediately when price ceilings are imposed? I understand the answer of the Senator from South Carolina is that that is correct.

Mr. CAPEHART. The conference report provides, on page 6, paragraph (b) (1), that—

> The President may issue regulations and orders establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service, and at the same time shall issue regulations and orders stabilizing wages, salaries, and other compensation in accordance with the provisions of this subsection.

Mr. WHERRY. That is largely the language of the Senate bill.

Mr. MAYBANK. Mr. President, I am sure the distinguished Senator from Nebraska will not mind my interrupting him. That is the same language, in substance, which the Senate approved and which was in effect in World War II. I just wanted to make the RECORD clear in that respect.

Mr. CAPEHART. I think the language is perfectly clear. At the same time the President shall issue regulations and orders stabilizing wages, salaries, and other compensation in accordance with the provisions of the subsection.

Mr. WHERRY. I am only asking the definition of the distinguished Senator from Indiana of the word "stabilizing," as written in the bill.

Mr. CAPEHART. It means that the President shall fix the wages, and he has the right, in connection with both wages and prices, to take care of hardship cases.

Mr. WHERRY. I understand that.

Mr. CAPEHART. When I voted, as one of the conferees, it was with the understanding that the President would fix wages and compensation and would freeze them.

Mr. WHERRY. I thank the Senator.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. FERGUSON. I should like to ask with reference to the last remark of the Senator from Indiana, when he used the word "freeze," whether "freeze" and "stabilizing" mean the same thing?

Mr. CAPEHART. That is my understanding, and I think it is the understanding of the conferees.

Mr. FERGUSON. May I ask the distinguished Senator from South Carolina if that is his understanding?

Mr. MAYBANK. My understanding of the section is that it is very similar to that which was adopted in World War II.

Mr. WHERRY. The Senator has already said exactly what the Senator from Indiana said.

Mr. IVES. Mr. President, will the Senator yield?

Mr. WHERRY. I shall be glad to yield to any Senator, but I want to save time. I am not interested in going any further with the questions, unless some Senator wants me to yield, because I am satisfied that the interpretation has now become legislative history. I am satisfied with the definition. I am trying to get a clear interpretation of what is meant by the conference report as it comes back to the Senate. The report discloses that the conferees have done a great deal of work. They have written many provisions of completely new legislation. I am only trying to find out their interpretation of what they meant to do. I think that should be known for the benefit of the Senate.

Let me refer to section 2 on page 7 of the report. This is all new language:

> Action under this subsection may be taken either with respect to individual materials and services and to individual types of employment, or with respect to materials, services, and types of employment generally.

That is, the President of the United States has the right, under this section, immediately to adopt selective controls or to adopt general controls.

Mr. MAYBANK. The Senator is absolutely correct.

Mr. WHERRY. Reading further:

> A ceiling may be established with respect to an individual material or service only when the President finds—

And there are five restrictions. I shall not read them all, but I want to ask this question: How is the cost of living to be determined—according to the Department of Labor statistics cost-of-living index, or by some other gage or some other measure? I ask that question with reference to these five restrictions, where it is attempted to establish that "such price increase will materially affect the cost of living or the national defense."

Mr. MAYBANK. I would say, in answer to the question of the distinguished Senator from Nebraska, that it would be according to the Bureau of Labor Statistics, although we found in the hearings that sometimes they are a little late because of lack of funds, which I hope we shall remedy.

Mr. WHERRY. Then it will be determined by the figures of the Bureau of Labor Statistics?

Mr. MAYBANK. Let me make it plain to the Senator from Nebraska that sometimes they are a little late, and it might be necessary to secure additional information.

Mr. WHERRY. But, primarily, the figures of the Bureau of Labor Statistics will be the yardstick by which the cost of living will be determined?

Mr. MAYBANK. Yes; those figures would be taken into consideration. The Bureau of Labor Statistics people say that they are sometimes a month behind, and other statistics or figures could be taken into consideration.

Mr. WHERRY. I have another question to ask the distinguished chairman of the committee.

In subparagraph (3), on page 7, the language is as follows:

> Whenever a ceiling has been imposed with respect to a particular material—

I take it that is under selective controls—

> or service, the President shall stibilize wages, salaries, and other compensation in the industry or business producing the material or performing the service.

I am aware of the fact that the so-called Wherry formula is out of this bill.

Mr. ROBERTSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. (Mr. HOEY in the chair). Does the Senator from Nebraska yield to the Senator from Virginia?

Mr. WHERRY. Let me finish, please. What I want to know is this: If any product is placed under selective price and wage controls as herein provided, will the control extend as well to the essential supplies and services which are interrelated to the production of the originally controlled material? I should like to have the Senator from South Carolina or the Senator from Virginia or the Senator from Indiana answer that question.

Mr. MAYBANK. I will say to my good friend from Nebraska that the reason why we have put selective controls in rather than over-all controls is that we were hopeful that we would not have to have over-all controls. We may have to have them. But if we provided for over-all controls across the board, it would necessitate some 65,000 persons being employed and a large sum of money in connection with their employment. So this plan was adopted.

The Senator from Virginia [Mr. ROBERTSON], Representative WOLCOTT, and

the Senator from Indiana [Mr. CAPEHART] tried to work something out, and what they suggested was better than anything I had been able to work out. I suggest that the Senator from Indiana or the Senator from Virginia answer the question.

Mr. WHERRY. I shall be glad to yield to the Senator from Virginia.

Mr. ROBERTSON. When the conferees met, the very first problem which confronted them was this inherent conflict between the House and the Senate bills. The House bill provided for selective controls. The Bricker-Wherry amendment, adopted by a vote of 50 to 36, prohibited selective controls. We took up minor issues, but each time we would return to the main issue. We were absolutely deadlocked on that, and it looked as if we would have no bill at all. I asked the chairman of the committee if we could go back and get instructions of the Senate as to whether to yield or not to yield, and he said we could not. The House could do that, but we would have to report a failure and ask for new conferees to be appointed. In the emergency, at 10 o'clock at night——

Mr. WHERRY. Mr. President, I appreciate that, and I am not at all belittling or attempting to criticize. I am simply asking, when the conferees arrived at their decision, what the interpretation was. The question I am asking has not a thing to do with the Wherry-Bricker amendment providing controls across the board. I have reference to subsection 3 of section 402 (b) as written in the conference report. Perhaps the Senator from Virginia did not understand my question. The subsection reads:

Whenever a ceiling has been imposed with respect to a particular material, or service, the President shall stabilize wages, salaries and other compensation in the industry—

I emphasize "in the industry"—

or business producing the material or performing the service.

That is the point I should like to have cleared up in my mind.

Mr. MAYBANK, Mr. ROBERTSON, and Mr. CAPEHART addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield; and if so, to whom?

Mr. WHERRY. I shall yield first to the Senator from Virginia.

Mr. ROBERTSON. I shall be glad to tell the Senator what it means. By the original suggestion which I framed with the help of Representative WOLCOTT—and I do not know what happened to that language, or how it got out of the conference report—we wanted to make it crystal clear that wage control and price control would be tied together, and both had to be exercised at the same time.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I should like to have the Senator from Virginia finish his explanation. What the Senator has said is not what I have in mind.

Mr. ROBERTSON. I must give the Senator the background.

Mr. WHERRY. I do not think the background is necessary.

Mr. ROBERTSON. If I do not give the Senator the background, I cannot answer his question. When we first met in committee we were faced by the issue of whether or not we would tie wage controls to price controls. I suggested we use the same language which had heretofore been used, but the conferees who were familiar with the language which had been used in previous acts and all acts of Congress relating to wages, said, "You can put a price on an article which is composed of a raw material that has been processed. Labor is a part of the price that you finally fix on that article. When you control the wage you call it a stabilization act under which you stabilize a price. You stabilize it by saying that after you have fixed the price there shall not be an increase in the labor cost of that industry which would break through the ceiling you have fixed, or impose a hardship or inequity upon the producer of the price-fixed article."

Mr. WHERRY. Mr. President, that is not the question I asked.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. WHERRY. Just a moment. I want to have the point clarified.

Mr. MAYBANK. Mr. President, if the Senator will yield——

Mr. WHERRY. I should like to have an answer to my question. I will ask the question again.

Mr. CAPEHART, Mr. MAYBANK, and Mr. ROBERTSON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield?

Mr. WHERRY. I will ask the question of the Senator from Indiana. I want to know what is in the minds of the conferees. I want to know how they interpret the act. This act is very vital to the economy of the country, and I should like to ask a few pertinent questions. Apparently the Senator from Virginia——

Mr. MAYBANK. I can answer the questions.

Mr. WHERRY. I will ask them of the Senator from Indiana. If any product—and therefore wages—is placed under selective control, will the control extend, as a result, to the essential supplies and services which are interrelated—I say "interrelated," Mr. President—with the production of the originally controlled product? Let me give the Senator an example. If steel ingots are controlled, will prices and wages in the production of the ore be controlled? Or, if ceilings are placed on meat at the consumer level, will the prices and wages in the raising of the cattle be controlled? Will it be controlled in the pens, where cattle is still on the hoof? Will it be controlled at the slaughtering-house level? How far back does the control go? If the price of meat is controlled—and corn is a part of the production of meat—will corn be controlled? Is the production of corn to be controlled? What is in the minds of the conferees in that respect?

Mr. MAYBANK. If the Senator will yield——

Mr. WHERRY. I should like to have the Senator from Indiana answer the question.

Mr. CAPEHART. The answer to the able Senator's question is "No." It does not go as far as he suggested in his question. I should like to read the language of the subsection and explain what it does.

(3) Whenever a ceiling has been imposed with respect to a particular material—

That could be ingots, steel, shoes, or anything——

Mr. WHERRY. And wages.

Mr. CAPEHART. I continue reading:

or service, the President shall stabilize wages, salaries, and other compensation in the industry——

Mr. WHERRY. Or business.

Mr. CAPEHART. I continue reading:

or business producing the material or performing the service.

When we talk about industry, we must remember that if the President freezes the price of steel, that action takes in all steel manufacturers.

Mr. WHERRY. From where? Where does the freezing begin?

Mr. CAPEHART. Just steel.

Mr. WHERRY. At the retail level, at the fabricating level, or at the ingot level?

Mr. CAPEHART. He can freeze it at the manufacturer's price. He can freeze it at the wholesale price. He can freeze it at the retail price. He can freeze it anywhere. He does not have to freeze it all along the line. If he freezes the manufacturer's price he does not have to freeze the wholesale price, or the retail price. He can do so, but he is not forced to do so.

Mr. ROBERTSON. May I supplement the answer of the Senator from Indiana?

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The Senator from Nebraska has the floor. Does the Senator from Nebraska yield; and if so, to whom?

Mr. WHERRY. If the Senator from Indiana would like to have the Senator from Virginia make further comment with respect to the answer, I shall be glad to yield to him.

Mr. CAPEHART. I should like to finish the answer, please.

He must stabilize or freeze the wages of the same group or same people producing the service or material on which he freezes the prices.

Mr. WHERRY. I understand that wages will be stabilized at the time the price is frozen. What I am concerned with at this point is the language of the bill:

Whenever a ceiling has been imposed with respect to a particular material or service, the President shall stabilize wages, salaries and other compensation in the industry or business producing the material or performing the service.

What I want to know is how far back he would go. Let us take meat, for example. Assuming he puts a ceiling on meat at the consumer level, how far does he go?

Mr. ROBERTSON. He goes as far as is necessary to go to effectuate the purposes of the act. He starts at one place at a time. If the price on the finished steel is all that is necessary to have

fixed, he stops there. If someone jumps the price on the iron ore in the meantime, and it becomes necessary to fix the price of iron ore, that price is fixed. Let us assume that some common sense will be used in the administration of the act. We must assume that some common sense and integrity will be shown in the administration of the act.

Mr. WHERRY. The same thing is true with respect to meat?

Mr. ROBERTSON. Absolutely.

Mr. THYE. Mr. President, will the Senator yield?

Mr. WHERRY. Just a moment, please.

The PRESIDING OFFICER. The Chair will ask all Senators to resume their seats. The Senator from Nebraska has the floor. Does the Senator yield; and if so, to whom?

Mr. WHERRY. I yield to the Senator from Indiana. I understand he wishes to yield temporarily to the Senator from Virginia.

The PRESIDING OFFICER. A Senator may yield to only one Senator at a time.

Mr. WHERRY. I ask unanimous consent that the Senator from Indiana be permitted to yield to the Senator from Virginia to answer my question, without my losing the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERTSON. I repeat that we must assume that common sense will be used and will control the actions of the administrators of the act. While we do not set it forth in subsection 3, it must be assumed that it would extend to every level that would be involved.

Mr. WHERRY. The Senator has answered my question. I thank him very much.

Mr. ROBERTSON. I said that the words suggested by me had been left out. I now see that they have not been left out. They appear at the bottom of page 6:

> To the extent that the objectives of this title cannot be attained by action under subsection (a), the President may issue regulations and orders establishing a ceiling or ceilings on the price—

And so forth.

Mr. WHERRY. I thank the Senator. He has stated—and I assume the Senator from Indiana agrees—that subsection (3), which is under the selective control part of the bill, authorizes the President to stabilize wages, salaries, and other compensation in the industry or business producing the material or performing the service, and that represents authority to go clear back to the beginning, if necessary. It would include the mining of the iron ore, it would include rates of transportation, it would apply to the farmer getting his cattle, the farmer producing meat, all the way through.

Mr. CAPEHART. It would not apply to transportation, because that is exempted.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. WHERRY. The Senator from Indiana has suggested what I desired to inquire about.

Mr. MAYBANK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Chair would admonish the Senate that the Senator from Nebraska has the floor, and he can yield to but one Senator at a time. If the Senator from Nebraska will state to whom he is yielding, or whether he is declining to yield, the the Chair will try to see that the rule is followed.

Mr. WHERRY. I thank the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield, and if so, to whom?

Mr. WHERRY. I yield now to the distinguished chairman of the committee, as the Senator from Indiana has taken his seat.

Mr. MAYBANK. Mr. President, I agree with the Senator from Indiana that all public utilities are exempted, under State law.

Mr. CAPEHART. Common carriers.

Mr. WHERRY. Mr. President, we are making history here, and I want to know what is in the minds of the distinguished conferees. We have not had much chance to ge into the report, and I am vitally interested in it.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. WHERRY. In a moment. I am not criticizing the conferees, I am merely trying to find out what is in their minds.

I have now been told that blanket authority is given to control prices in industry or a business producing materials, so that it would be possible to impose price ceilings and to stabilize wages in the case of those producing cattle which are finally slaughtered and processed and distributed, if ceilings are imposed at the consumer level, and the President feels, in his wisdom, that such price ceilings and the stabilization of wages should go clear down to all levels of meat production.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. WHERRY. In a moment.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. WHERRY. I desire to yield to the Senator from Minnesota, who has been on his feet for a long time, and rose after the Senator from Indiana took his seat. I yield to the Senator from Minnesota.

Mr. THYE. I thank the minority leader. The question that comes to my mind is this. At the time the control bill was first before the Senate we were led to believe that any time a regulation was imposed upon any industry, or upon a processor or upon a producer, they would have an opportunity to appear and testify, and that all facts relating to their business would be taken into consideration before rules and regulations were promulgated and imposed upon the industry or individual. Does that provision still remain in the bill?

Mr. WHERRY. I cannot find it in the bill.

Mr. MAYBANK. Will the Senator yield?

Mr. WHERRY. In a moment I will yield. I cannot find it in the bill, and that is one of the questions I want to have answered. It seems vital, if we are to give blanket authority to control prices and wages clear back to the origin, that each segment of an industry have an opportunity to make a showing before ceilings are imposed.

Mr. THYE. The very able chairman of the committee, the Senator from South Carolina [Mr. MAYBANK], assured me emphatically that the producer, or the processor, or the manufacturer, anyone affected by a rule that would be imposed upon him relative to prices, would be heard before the Federal agency imposed regulations.

Mr. MAYBANK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from South Carolina?

Mr. WHERRY. I am glad to yield to the Senator.

Mr. MAYBANK. Mr. President, I certainly told the Senator from Minnesota about a month ago what I expected might be in the bill but as the Senator knows there have been many changes since the bill was introduced. The conference committee struck from the bill some of the amendments the Senate had included, and the House refused to go along on all the provisions referred to. We gave up some provisions in conference, and in the bill we are finally presenting we have only a general provision. We do not have all individual conditions or situations covered.

Mr. ROBERTSON. Let me quote the language.

Mr. MAYBANK. Let me straighten it out with the Senator from Nebraska.

Mr. ROBERTSON. Let me quote the language.

Mr. MAYBANK. Mr. President, will the Senator from Nebraska yield to me to make a short statement?

Mr. WHERRY. Certainly; I have already yielded.

Mr. MAYBANK. This question has been before the Senate since the nineteenth of July. Many changes have come about; the worst changes have come about in the past 48 hours, and every Senator who is familiar with the situation knows that be so. In July I did make the hopeful statement to the Senator from Minnesota he has repeated, but some provisions of the earlier bill are not in the conference report. But what I hope in September is different, because the committee, the Senate and conferees, of both the House and the Senate, struck out much language. I say to the Senator that the provision to which I referred in July when I spoke to him is not in the bill. The Senator from Virgnia [Mr. ROBERTSON] has suggested that he read the language. I do not want the Senator from Minnesota to misunderstand me.

Mr. THYE. Will the Senator from Nebraska yield for a very brief comment?

Mr. WHERRY. I yield to the Senator from Minnesota.

Mr. THYE. When price-control regulations were put on industries in World War II, frequently the industries, the processors' and producers' groups affected, said that common sense had not been exercised by the administrator of price controls at the time the regula-

tions or rules were promulgated, and in order in the future to avoid action by some Federal agency concerning some which might say that common sense was not exercised, I felt it would be well worth-while to have a provision in the law which would make it necessary for the agency to call in the individuals affected in order that all the facts might be obtained, and a good, sound regulation pertaining to the control provisions or price levels could be written into the regulations before they were promulgated.

Mr. ROBERTSON. Mr. President, if the Senator from Nebraska will yield, I will read the provision as it is in the report.

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Virginia?

Mr. WHERRY. I am glad to yield to the Senator from Virginia.

Mr. ROBERTSON. Mr. President, in answer to the distinguished Senator from Minnesota about an opportunity to be heard upon a price-fixing regulation before it is issued, we inserted, as appears on page 10 of the conference report, section 404, as follows:

SEC. 404. In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

Mr. WHERRY. Mr. President, I should like to say a word about that. That is an old provision. There is nothing new about it. All it does is to provide for the setting up of an advisory committee within an industry to consult with the President. That is not what I was talking about, and I am sure it is not what the Senator from Minnesota had in mind. What the Senator from Minnesota was discussing was exactly what the Senator from Nebraska was referring to. Before price ceilings are imposed on a great industry, the industry itself should have a right to come forward and testify as to the impact of the control. Such a provision is not in this bill.

Mr. ROBERTSON. Before the Senator says it is not in the bill, will he not read what the conference report provides?

Mr. WHERRY. I do not find it in the bill.

Mr. ROBERTSON. Let me read section 709.

Mr. WHERRY. The Senator from Virginia read section 404 as the answer to the Senator from Minnesota, and I say it is not the answer. If the provision is at some other place in the bill, I should be glad to have it pointed out. I was taking the answer the Senator from Virginia gave to the Senator from Minnesota as the answer to the question. If some other section covers the point, I shall be glad to have it pointed out, as I have said. I appreciate the interest of Senators in this matter.

Mr. ROBERTSON. The section is 709, and the Senator will find it on page 23 of the conference report. It reads:

Any rule, regulation, or order, or amendment thereto, issued under authority of this act shall be accompanied by a statement that in the formulation thereof there has been consultation with industry representatives, including trade association representatives, and that consideration has been given to their recommendations, or that special circumstances have rendered such consultation impracticable or contrary to the interest of the national defense, but no such rule, regulation, or order shall be invalid by reason of any subsequent finding by judicial or other authority that such a statement is inaccurate.

Mr. WHERRY. Mr. President, that, in different language, is the same thing we have just been discussing.

Mr. President, it is the industrial advisers who have been consulted. Who are they? When such advisers came before the small-business committee we found that, generally, they told us only what was the effect of directives that had previously been issued. We are asking that before a price ceiling can be placed on the cattle industry, the cattle producer, he or his representative shall have the right to come to Washington to present his case. We want the right reserved to the producer or his duly selected representatives, to be given a hearing before a directive is ever issued whether the Government agency consults with an advisory committee appointed by the President or not.

What I am saying is exactly in line with the fight I made during the years when OPA was in effect. If such a provision is not made, there is going to be a pathway worn to Washington because representatives of industry and producers are coming to Washington anyway, and they are going to be heard. They have a right to be heard. Provision for such hearing should be included in the bill. If the conferees took the provision out of the bill, it is most unfortunate. And if the only answers we have are sections 404 and 709, which have been read by the Senator from Virginia, they do not suffice. As it now is, orders can be issued and regulations made without the representatives of the great industries coming to Washington to give the Government agencies the benefit of their knowledge, at the grassroot level, if you please, respecting how the orders to be issued may have an impact on industry.

I thank the distinguished chairman of the Committee on Banking and Currency for his statement. He said he tried hard to uphold the position of the Senate. I realize that a conference report is the result of compromise. I am not condemning the conferees at all. If what is now brought to us is the best the conferees on the part of the Senate could obtain, very well. We might have obtained more had the matter been brought back to the Senate for a vote. I realize, however, the emergency situation. But certainly we have a right to have an interpretation of what is in the bill so we may know what to expect when selective control goes into effect.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MAYBANK. I have no difference with the Senator from Nebraska on the so-called meat or beef situation. I have cooperated with him as best I could to obtain the adoption of what was known in the past as the Barkley-Bates amendment, as it was amended by the distinguished Senator from Nebraska. I voted for the Senate's position in conference. I do not want any misunderstanding to be had about that. But we had to make changes. In conference there has to be give and take, as the Senator so ably put it. I trust the conference report, as brought to the Senate, will be appreciated.

Mr. WHERRY. I think it is.

Mr. MAYBANK. I trust it will be appreciated and understood to be a compromise between the House and Senate conferees. The report contains some things which I do not favor and which the Senator from Nebraska does not favor. The report, however, contains other things which the House does not favor.

Mr. WHERRY. Mr. President, I do not want to delay the Senate 1 minute in considering the report, but I wish to have certain matters made clear.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. WHERRY. Yes.

Mr. SPARKMAN. I should like to go back to the first point the Senator raised in connection with section 402 (b) (3).

Mr. WHERRY. We are still on that point.

Mr. SPARKMAN. Yes; but then the Senator began to discuss the question of issuance of regulations, orders, and so forth.

Mr. WHERRY. The Senator from Minnesota [Mr. THYE] raised a question as to that and interrelated matters.

Mr. SPARKMAN. Yes. I thought the Senator from Nebraska was preparing to go to a third subject.

Mr. WHERRY. No; I have other questions to ask.

Mr. SPARKMAN. I am afraid the last statement the able Senator from Nebraska made with reference to the point he was discussing may have been somewhat misleading.

Mr. WHERRY. Does the Senator refer to my statement?

Mr. SPARKMAN. Yes. I should not say misleading, but the Senator's statement may not be altogether a true interpretation. I understood him to say it was his interpretation that the language meant that when the President invokes price controls upon a particular item, that means, according to the way I understood the Senator from Nebraska, to cover the whole field, everything leading up to it. I want to bring out the point——

Mr. WHERRY. No; just a minute.

Mr. SPARKMAN. Very well, We may be in agreement, but I want to be sure we are.

Mr. WHERRY. I do not say that the President is obliged to cover the whole field.

Mr. SPARKMAN. That is exactly the point.

Mr. WHERRY. I do not say that he would, but that he could. The language does give the President blanket authority, so that if in his wisdom he thinks

it necessary, he can go clear back to the original producer. There is no argument about that at all.

Mr. SPARKMAN. I want to give an example. Let us suppose that price control is placed on steel. The President would, under this provision, be required immediately to place controls on wages.

Mr. WHERRY. Yes.

Mr. SPARKMAN. That is what it specifically means—wage controls on the workers in the production of steel. One of the fundamental elements in the making of steel is coal. The President would not have to control the wages of the miners who dig the coal. It might be that later on, if the price of coal went up, he would put price controls on coal, and when he did so, he would put controls on wages.

Mr. WHERRY. The authority is there.

Mr. SPARKMAN. The authority is there. But it is not mandatory on him that he do it all at once.

Mr. WHERRY. We are talking about a selective control act. This is a discretionary action on the part of the President. The bill provides that he can place price ceilings on the industry or on the business that produces the article on which he places the price ceiling. Let us consider cotton goods. Let us say that the gracious wife of the distinguished Senator from Alabama goes into a store to buy a yard of cotton goods, or this or that or the other. If the prices of such goods get out of line, the President can invoke price ceilings at the production level. If he feels that the price of the material is out of line he has authority to go as far back as the cotton farmer, if necessary, to impose price ceilings and stabilization of wages. Is that correct?

Mr. SPARKMAN. Let me make it clear. Let us put it this way. Suppose the price of cotton shirts or cotton goods is out of line, and the President places price controls on the textile product. Then he would be called upon to put wage controls upon the textile workers.

Mr. WHERRY. Certainly.

Mr. SPARKMAN. Very well. Let us take another step. If he put price control on cotton, then he could be expected to put wage controls upon those who produce the cotton.

Mr. WHERRY. I think we are in complete agreement.

Mr. SPARKMAN. I wanted to be certain we were.

Mr. WHERRY. I appreciate the information which has been afforded us by the Senator's observations. He has been a very diligent worker on the committee. He has corroborated what has already been said. The Senator from Nebraska thoroughly understands the situation, which is, that in the bill the President is given discretionary power to impose a price ceiling and to stabilize wages. In doing so he can go back into the interrelated levels of industry or the business producing the material or performing the service that brings the commodity into being. There can be no mistake about that. I want to thank the Senators who have answered my questions.

I should like to ask one more question.

Mr. ROBERTSON. Mr. President, may I clear up one other misunderstanding?

Mr. WHERRY. Mr. President, until now there has been no misunderstanding on the part of the Senator from Nebraska. I thoroughly agree with the interpretations which have been given.

Mr. ROBERTSON. Does the Senator think that the Senate conferees yielded on some language mentioned by the Senator from Minnesota [Mr. THYE]? I want to say that there was nothing of the kind mentioned by the Senator in the bill on which we could yield.

Mr. WHERRY. Mr. President, I do not want to go into that matter, because the Senator from Minnesota made his observations on the basis of what was told him. But there is nothing in the bill, or the conference report, that permits the industry itself to come to Washington and have hearings. There is nothing in the conference report that permits the farmers from the cattle belt, the iron ore producers, the men from the cotton belt and others to bring their cases before the Government agencies until after an order has already been issued, and then they come to Washington and try to show that the order has resulted in hardship cases in order to obtain relief.

Mr. ROBERTSON. Maybe a provision along the line suggested by the Senator should have been in the bill. But the Senate conferees did not yield on any language that was in the bill when it was passed by the Senate.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MAYBANK. Much of this discussion relates to something the President of the United States asked for. After hearings the committee wrote them in the bill. As chairman of the committee, I am hopeful that some of the powers granted by the bill will never be used. I am hopeful that we may do so well in the future, in spite of the trouble we are having now, that it may not be necessary for the President to use some of the authority the bill would give him. For that reason we wrote in the bill the selective controls.

Mr. WHERRY. Mr. President, I appreciate that observation. We must assume, however, when we vote for the conference report that if these powers are granted, even on a discretionary basis, they will be used, if it is necessary to use them. That is why I am so anxious to get a clear interpretation.

Mr. MAYBANK. I am sure my good friend from Nebraska agrees with me that the Congress of the United States, by joint resolution, can repeal any section it wants to repeal at any time it wishes to do so. In any event the authority expires on June 30, next.

Mr. WHERRY. I think that is one of the finest things the conferees did.

Now that the Senator has brought up this matter, I should like to ask a question about it: Does not the conference report provide that the provisions relative to price controls and stabilization shall apply for 1 year——

Mr. MAYBANK. No; for 10 months.

Mr. WHERRY. I mean for what is left of this year, and the first half of next year. Does not the conference report also provide that the provisions in reference to allocations, as those provisions are to be found in titles I, II, and III——

Mr. MAYBANK. And in title VII; and they are to continue in effect until 1952.

Mr. WHERRY. I see.

Mr. MAYBANK. That is right.

Mr. WHERRY. On that point I think the conferees have done a good job.

There is another question I should like to ask, in regard to a matter as to which I think it is vital that the meaning be made clear if we are to understand the interpretation by the conferees of the conference report.

On page 8 there is new language, I believe, if I am correct, which reads as follows:

> The President, in establishing and adjusting ceilings with respect to materials and services, and in stabilizing and adjusting wages, salaries, and other compensation, shall make such adjustments as he deems necessary to prevent or correct hardships or inequities.

I think the intention in that wording is good, namely, that if there are hardship cases because of the imposition of ceilings, an opportunity should be afforded to obtain relief in such hardship cases.

Mr. MAYBANK. That is House language.

Mr. WHERRY. I wish to ask this question: Does that provision nullify, or is there an intention on the part of the conferees to permit the nullification of, the mandatory features of any of the preceding paragraphs in respect to selective controls?

Mr. MAYBANK. I answer directly by saying, "No"; and I also answer that it was the House language.

Mr. WHERRY. But the intention there was——

Mr. MAYBANK. It absolutely is not intended to nulllify them one iota.

Mr. WHERRY. That provision is to apply only in hardship cases which are exceptional. Is that correct?

Mr. MAYBANK. That is right.

Mr. WHERRY. That provision will not in any way permit an interpretation which would open the matter wide, so that the President could do whatever he deemed necessary to be done?

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. ROBERTSON. I became so concerned about the provision of the original bill that a wage increase must not be permitted to break through the ceiling and work an undue burden upon the seller that I got the Senate committee to adopt the language appearing on page 32 of the committee report, namely, that in applying that provision the President must not permit a wage increase which would not leave to the producer a reasonable profit.

In the conference the conferees first tentatively agreed to write that language into the report, but then they said,

"There will be interminable fights over what is and what is not a reasonable profit, and the better language would be 'hardships and inequities'."

That is the explanation of those words.

Mr. WHERRY. I thank the Senator. I think that explanation will be very helpful in connection with understanding the legislative history of this bill.

I should like to ask another question of the distinguished chairman of the committee, who was interested in the so-called Barkley-Bates amendment. The Barkley-Bates amendment, as modified by myself, is now out of the conference report, is it not?

Mr. MAYBANK. That is correct.

Mr. WHERRY. Is there anything in the conference report which will accomplish what was intended to be accomplished by that amendment?

Mr. MAYBANK. There is a provision that, if necessary, there may be imposed certain controls which will apply to everyone. For instance, there was a textile amendment.

Mr. WHERRY. And there was a milk amendment, was there not?

Mr. ROBERTSON. The conferees adopted the House language on the so-called milk amendment.

Mr. MAYBANK. But the Senator from Nebraska asked me about a Senate amendment——

Mr. WHERRY. I have yielded to the distinguished Senator from South Carolina, Mr. President.

The PRESIDING OFFICER. The Chair is not going to permit two Senators to talk at the same time any longer, because we have only one Official Reporter present. The Chair will have to ask Senators to restrain their impatience, so that only one Senator will speak at a time.

The Senator from Nebraska has the floor, and he has yielded to the Senator from South Carolina. The Chair recognizes the Senator from South Carolina for that purpose.

Mr. MAYBANK. Mr. President, I wish to say to my distinguished friend, the Senator from Virginia, who has had much to do with working out and reconciling this extremely difficult measure, that I understood the Senator from Nebraska to ask me about the Senate version——

Mr. WHERRY. Mr. President, I should like to repeat the question, for it is only a short one. I wish to say again that I am not attempting to delay action on the conference report for even a moment, but I should like to get the answer to my question into the RECORD: The so-called Barkley-Bates amendment of the former act, as modified by me, was in the bill as it was passed by the Senate, but that provision has been deleted from the conference report.

Is there anything in the conference report which will accomplish what was intended to be accomplished by the so-called Barkley-Bates amendment, as modified by the junior Senator from Nebraska? I have not had time to go through all the conference report carefully, and I do not believe other Members of the Senate have had an opportunity to do so, either.

I should like to know whether there is a corresponding provision of the conference report or whether there is agreement in regard to language which will produce the same result, and whether that is why the so-called Barkley-Bates amendment, was omitted from the conference report.

After all, that amendment was in effect under the old Stabilization Act; and it was in the bill as the Senate passed it, although it was modified by me at that time. To my mind, that provision is the only way in the world by which we can prevent a black market in the case of meat.

If there is a similar provision in the conference report, all right; but when that provision of the Senate bill was deleted in conference, the conferees threw out the one thing which will prevent a black market on meat in the United States.

Mr. MAYBANK. Mr. President, the Senator from Virginia knows a great deal more about meat than I do. I believe he will agree with me that in the conference we fought long and hard for the so-called Barkley-Bates amendment, as amended by the Senator from Nebraska.

The Senator from Virginia believed that the section on page 8 covered that matter. I do not know whether he believes it fully covers the matter or not; but we included this provision:

Provided, That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing.

Mr. WHERRY. That provision was in the old act, and its inclusion in the conference report is simply a renewal of the old language. However, during all the long period when the previous act was in effect, that provision did not accomplish the purpose intended; and it will not accomplish the purpose now.

Mr. President, I am not complaining, of course——

Mr. ROBERTSON. Mr. President, may I explain the position taken by the House conferees?

Mr. WHERRY. I am glad to yield for that purpose.

Mr. ROBERTSON. In the conference, the Senate conferees insisted on the amendment, and finally put it in the so-called basket. The conferees on the part of the House would not agree to include that provision; and they put it off and put it off. Finally, they said, "If you permit a separate profit price on cattle, hogs, sheep, and other livestock, but not a price that will result in a fair return to the big packers who slaughter the animals, you will penalize the consumer by means of higher prices on each of those commodities, prices higher than the prices would have been under the provisions of the old OPA Act or under the provisions of this bill as the House has passed it."

They also said, "This amendment did not go into effect until 1946, when we were just about to throw out all controls."

Mr. WHERRY. Is there anything in the conference report which will take the place of the Barkley-Bates-Wherry amendment?

Mr. ROBERTSON. There is not.

Mr. WHERRY. I thank the Senator.

Mr. ROBERTSON. Except what the Senator from South Carolina refers to, namely, the provision that the President must try to give reasonable consideration to hardship cases.

Mr. THYE and Mr. MAYBANK addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield; and if so, to whom?

Mr. WHERRY. I yield first to the Senator from Minnesota, and then I shall yield to the Senator from South Carolina.

Mr. THYE. Mr. President, I am confident that neither the minority leader nor any other Member is selfishly speaking for the meat producer or the meat processor or the meat packer. The only reason why there should be such a provision and why a legitimate and fair profit should be permitted to the processor and packer is to keep in business the slaughterer in the legitimate slaughterhouses or slaughter centers or packing centers, because if that is not done, all the byproducts from the animal carcasses will be lost.

As a matter of fact, during World War II in the United States we were within a few days or a few hours of exhausting the supply of insulin, which is essential in order to keep alive persons who require insulin injections. If the supply of insulin had been exhausted, the situation would indeed have been serious.

It is for that reason only that we have concerned ourselves with an attempt to write into the control bill a provision which will keep the slaughter of livestock in legitimate, established slaughterhouses, rather than in some back woods or in some old deserted barn or shed. We know how serious the situation was only a few years ago, when controls and regulations and price ceilings were established on meats. It drove the cattle out of the slaughtering centers into the back woods to be slaughtered in old, abandoned barns, and so forth.

Mr. WHERRY. I thank the distinguished Senator from Minnesota for his observation. It describes exactly the experience which was had at that time. The Senator has described the experiences which we shall again pass through, in view of the fact that this amendment is omitted from the bill.

Mr. ROBERTSON. Mr. President, will the Senator yield at that point?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Virginia?

Mr. WHERRY. When I complete this observation, I shall be glad to yield. The Senator from Virginia has answered my question. The Barkley-Bates amendment is out of the bill. All that the Wherry amendment to it proposed was to extend its application to each segment of the meat processing industry. It sought merely to clarify the meaning of the Barkley-Bates amendment; that was all.

This is exactly what will happen: If the retail price is set at the consumer

level, there will then be dislocations going clear back to the producer. When the price is set at that level, it will be found that the large packing plants, which the Senator has been saying such a provision would protect, will be the ones who will get the meat. That is what will happen. They will distribute it through their subsidiaries. Immediately the independent sources of supply will pass out of the picture.

Where will the meat be obtained? The large packing plants will get it where they got it the last time, namely, on the range. They will buy the cattle in the sand hills. It will be necessary to do what was done the last time, when there sprang up 26,000 little packing plants, such as those in the barnyards, mentioned by the distinguished Senator from Minnesota. The cattle will be killed there. It will be necessary to pay a black-market price in order for the packers to obtain meat, and a black-market price will be necessary in order to sell it. There will be a loss of the hides and the offal, and the innards, as a result. That was the experience the last time. The amendment attempted to provide a remedy for that condition, and it would have worked well. It is now omitted from the bill and all we have is the mere intention, a declaration that there must be a fair and full price for agricultural products. That is as good as nothing.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. WHERRY. I am glad to yield.

Mr. ROBERTSON. Mr. President, the Senator has overlooked several factors which played an important part in what happened previously. One was that OPA, under the domination of a vice president of Armour & Co., required all the small-town slaughterhouses to have a Federal inspector. There were not enough Federal inspectors, and the establishments were closed up. That was one thing which started the farm slaughtering, which was illegal. Another thing was the unrealistic price of grain, which made it unprofitable to sell the grain with which to feed the cattle so that they could put on an extra 300 or 400 pounds. The cattle went to the market light. The supply of meat was drastically reduced, and an acute shortage of meat resulted. But that was the fault of OPA in putting on the wrong prices.

Mr. THYE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Minnesota?

Mr. WHERRY. Mr. President, I do not want to take up too much time of the Senate.

Mr. THYE. I assure the Senator it will not be an argument.

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Minnesota?

Mr. WHERRY. I am glad to yield.

Mr. THYE. The able Senator from Virginia stated very clearly why it is necessary to have a hearing in order to determine what the price shall be before it is fixed by regulation. The Senator stated that when there is a dislocation, a disjointure, or an unlevel status, then there is brought into existence exactly the condition to which he referred. For that reason, it is very important that when a regulation is being considered, the industries and the individuals affected be consulted. They should be consulted before the regulation is promulgated. Only in that manner can the glaring examples of injustice and the violations which occurred under price regulation during World War II be avoided.

Mr. ROBERTSON. The Senator is exactly right.

Mr. WHERRY. Mr. President, I thank the distinguished Senator from Minnestota for his observation. While it is true that there might have been a certain amount of progress made under OPA Administrator Bowles, and others, there are those who say the directives were made selfishly, but I am not going to stand on the floor to say that. There will be trouble in the future in connection with the administration of the act, and, while what has been indicated in the observations made by the Senator, may be one of the reasons which contributed in a small degree to the difficulty, yet I speak as one who comes from the section of the country where meat is produced. What I am saying about meat can also be said about cotton.

Mr. MAYBANK. But we did not say anything about cotton.

Mr. WHERRY. What I am saying about meat may also be said about oil, or eggs. It is rather odd that the milk amendment is retained. Why? I have no objection to it. I appreciate its being retained, because milk is produced in my State. But the same thing can be said about beef that is said about milk. If we undertake to regulate beef, we have got to regulate pork, lamb, poultry, and eggs, and all the grains. What is the use of regulating meat if we do not regulate corn? Corn makes beef. The best beef there is comes from corn-fed cattle. If we regulate corn, we must regulate wheat; otherwise there will be a dislocation in grains. If we regulate corn and wheat, we have got to regulate all grains. That is why the Bricker-Wherry amendment should have been retained in the bill. It is simply impossible to make a selective control work, unless we go entirely across the board with all controls. It is impossible to make any selective control bill work because it is impossible to know where to begin or where to stop. I say that with all due respect to what was done by the conferees. I understand they were deadlocked.

Mr. MAYBANK. That is correct.

Mr. WHERRY. They did their level best to retain the Bricker-Wherry amendment. I appreciate that fact. We can see the imperfections. There is no man living who is smart enough to administer a program of selective controls, because when he starts with one, unless the controls go entirely across the board, a dislocation results all the way up and down the line.

Mr. President, I realize that I shall have to take this bill, whether I like it or not. Why? Because of the first three titles of the bill. I believe that in time of war the President certainly should have the power to allocate. In the report it is stated that the controls are necessary on behalf of the military. Certainly they are. In that field no one is more anxious to allocate than I. But, if things are in that shape, what we should have done with our domestic economy is to have gone clear across the board. We should have done a real job of price control, in an effort to stop inflation. That should have been the purpose of the Congress. We should have so provided, for as long as we had to have controls, and they should be taken off as soon as possible in peacetime, and the free economy allowed to function.

Mr. President, I shall support the conference report because of the first three titles, but I say now that it is going to be very difficult to establish price ceilings and to control wages on a selective basis. Whoever operates the program, whether the President or someone appointed by him, will have a very difficult time in attempting to administer the law equitably. I can see, now, segments of the economy coming forward, as they did before the Small Business Committee, saying, "Our business is gone. We can get no gasoline. We can get no meat. What are you going to do for us?" A man would say, "I have got to lock my door, but right across the road is a great industry which, through its subsidiaries, takes the entire supply, which they can deliver right down to the consumer level." They are going to get it, and the small independent operator is going to be out of the picture. That is exactly what is going to happen.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. WHERRY. I should like to ask one more question, and then I shall be through. I shall yield now, if the Senator wants me to.

Mr. ROBERTSON. The Senator from Alabama fought for the meat amendment, as he did for other things, but he said, "I am not going to ask consideration for cotton if we cannot get it for Senator WHERRY's meat."

Mr. WHERRY. I was not speaking only for meat. I think my argument can be applied to cotton or to any other basic commodity, and the Senator knows that to be so.

Mr. ROBERTSON. Certainly.

Mr. WHERRY. Mr. President, I am learning a great deal about this report as I go along. I hate to take the time of the Senate, but I certainly want to discuss the last point in which I am interested. I was very much interested in the small-business man——

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. MAYBANK. I was greatly impressed with the distinguished Senator's interest in small business and with that of the junior Senator from Alabama. I shall ask him to explain it fully, because I know the two Senators feel alike on the subject.

Mr. WHERRY. I should like to address my question not only to the Sena-

tor from South Carolina, but to the Senator from Alabama. The conferees have changed the language of the Wherry-Sparkman amendment as it was adopted by the Senate, which was section 701 (c) of the bill as it passed the Senate. Under that amendment the President, after finding that the allocation would result in a significant dislocation of the normal distribution in the civilian market, could allocate in "such a manner as to make available, so far as practicable, to business, and various segments thereof in the normal channel of distribution of such material a fair share of the available civilian supply."

Will the distinguished Senator from Alabama be good enough to answer this question? Does the new language in the conference report require the President, whenever he allocates under this section, to make available to individual businesses, in the normal channel of distribution, a fair share of the available civilian supply?

Mr. SPARKMAN. Mr. President, I would say that the answer to that question would be "yes," with the qualifying words "so far as practicable." Let me say a word in explanation of the amendment being modified as it was. The Senator from Nebraska knows that I collaborated with him in the preparation of the amendment to which the Senate agreed. The House bill contained no similar language whatsoever. The House conferees insisted that the entire provision be stricken out. The Senate conferees stood fast in favor of the amendment which had been written into the bill. The House conferees insisted that it would tie the hands of the President and would be very difficult to administer. However, they finally agreed to yield to the Senate, provided we would adopt language which does give it more flexibility than does the language which the Senator from Nebraska and I agreed to in the amendment we proposed on the floor. I will admit that there is not as high a degree of protection to small business in the language finally adopted as there was in the amendment to which the Senate agreed, but I think this is the best we can possibly get.

There are two things that it really changes. One is by requiring the President to give due regard for new businesses that may be established. The Senator knows that we discussed that when the amendment was pending. The second is that instead of saying he must give to each individual business the same proportion it had previously, it says he must channel to businesses in the normal course of distribution, insofar as practicable, a fair share based upon a representative period prior to June 24, 1950.

Mr. WHERRY. I thank the Senator from Alabama.

Mr. SPARKMAN. I said a moment ago that I conceded that it does not give as complete protection as the amendment to which the Senate agreed, but it certainly shows the intention of Congress.

I wish to invite the Senator's attention to the fact that there is created a watchdog committee which will be ever on the alert, and I think we can count on substantial help being given to small business under the amendment as finally agreed to.

Mr. ROBERTSON. Mr. President, will the Senator yield? I can give the Senator a little more background.

Mr. WHERRY. I should like to make an observation, first, and then if the Senator has any further background, I shall be glad to hear it.

I appreciate the explanation of the Senator from Alabama. It was very clear. The point at issue is whether we shall give each individual business the protection it needs. That is the whole root of the matter. I appreciate the fact that the conference committee tried to give a fair share to a certain segment of the industry. The principal purpose of the Wherry-Sparkman amendment was to assure that the independent nonintegrated user of a material would not be cut off during an allocation period by his integrated supplier who is also his competitor. That is very applicable to the distribution of oil. The little independents fade out of the picture because their source of supply is cut off. The big sources of supply can allocate to the wholesaler or to their subsidiaries what they are entitled to, down to the man who puts the oil into his automobile. But it is difficult to assure the nonintegrated independent any opportunity of a source of supply. That was the trouble previously.

Does the Senator from Alabama agree with me about that?

Mr. SPARKMAN. No, I do not. Certainly it is not the intent of the conferees to say that the wholesaler shall have the right to ignore the little fellow at a lower level. It is our intention that the allocation shall follow through, and even though we do not specify each individual business, we certainly contemplate that insofar as practicable a fair allocation shall be made to each individual.

Mr. WHERRY. I appreciate the intent, and I know that the distinguished Senator from Alabama was attempting to do all he could. But intent is one thing, and writing it into the law is another thing. I cannot see why the House, if it is interested in small business, would not accept the Wherry-Sparkman amendment.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. WHERRY. In a moment I shall be glad to yield. I should like to finish these observations.

We are going to find, right down to the retail level, that if we allocate on a volume basis to the retailers of the Nation the source of supply will be cut off unless the independent nonintegrated man is given the supply he has had during the base period. Unless that is done, he will be cut off to a great extent.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. BRICKER. Mr. President, there is a conference committee which is supposed to meet at 3 o'clock on a matter of vital importance to every depositor in every bank and building and loan organization in the country——

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. BRICKER. I yield.

Mr. MAYBANK. I want to suggest that the distinguished members of the conference are now awaiting that meeting.

Mr. BRICKER. Unless we can have the conference and agree upon the report there will be no protection given to depositors in banks and building and loan associations. The House will recess this afternoon and will not be back until the 14th of September. I doubt if we shall be able to get the conference report through then unless a majority returns. I am very anxious that the committee give the subject consideration.

I have prepared a statement on the conference report on the defense production bill which I intended to present to the Senate. I wanted to present clearly the fact that if the conference committee had followed the suggestion of the Senator from Ohio a month ago we would have had the law by this time. There is no use putting into the bill price or wage controls which should have been a matter subject to hearing and a careful consideration by committees of the House and Senate and not presenting to the Congress a constructive bill. As a result of the action of the majority we are now 5 weeks late in giving power to the President which everyone agrees he should have in order to conduct even the Korean affair. The international situation is becoming more difficult day by day. For that reason I signed the report, and I shall vote for it on the floor of the Senate. There are many things in it with which I do not agree. It is a power bill all the way through; it is a complete regimentation bill, and I do not believe it should be passed at this time without testimony and without consideration, but, nevertheless, the inducement to pass this bill giving the President of the United States the power to allocate, the power to give priorities, and the power to compel contracts, is so great that it is a necessary thing at this hour.

Therefore, any delay in the matter would possibly hold it up longer, prevent the conference I mentioned, and from giving adequate consideration to another bill which is of great interest. Therefore, I ask that what I had intended to present on the floor of the Senate today be printed in the body of the Record at this point, as a part of my remarks.

There being no objection, Mr. BRICKER's statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BRICKER

On July 19, 1950, President Truman requested from the Congress power to allocate scarce materials, requisition materials and facilities, expand the production and supply of critical defense items, and control credit. There was never any doubt that these powers were urgently needed to meet the emergency in Korea. Why has action on these important controls required 6 weeks? Both the Senate and House committees completed action on the controls requested by the President a month ago, but Congress has devoted a full month to price and wage-control legis-

lation—power which the President did not ask for in his message to Congress. As a result, we are 1 month late with respect to the program of economic mobilization which the President considered essential to successful prosecution of the Korean war.

Mr. President, I hope that the powers conferred by this bill do not come too late. Throughout the past 6 weeks, I have urged that we give the President the economic controls he requested at once, and that action on price and wage controls be considered as separate legislation. A majority of the Senate Banking and Currency Committee did not agree. As a result, action on vital economic controls has been seriously delayed. In addition, the price and wage-control sections of the bill show the result of hasty action without benefit of hearings on the subject.

At this time, Mr. President, I wish to discuss briefly some of the important issues as resolved in conference, and certain provisions about which there has been some misunderstanding.

By far the most important issue faced by the conferees was that of selective versus over-all price and wage controls. By a vote of 50–36 a majority of the Senate eliminated selective price and wage controls from the bill. What is not so well known is that a majority of the House also voted against authority to control prices and wages on a piecemeal basis.

The question of selective versus over-all controls was presented to the House in the Kunkel amendment. This amendment, like my amendment accepted by the Senate, eliminated section 402 (b) from the original bill expressly authorizing selectivity. In the debate on the Kunkel amendment, Congressman KUNKEL said:

"I am offering this amendment which in substance cuts out the intermediate step of selective price controls."

The Kunkel amendment was supported by Congressman COLE of Kansas who said:

"I am in accord with the gentleman that selective price controls will not work and that once the Administrator attempts to place controls on a given commodity he thus begins to throw out of gear the economic picture of the country."

In eliminating selective price and wage controls a majority of both the House and the Senate recognized that they would be most unfair to thousands of wage earners in the controlled industries. For example, Congressman KUNKEL said:

"When you put a ceiling on just one particular commodity and one particular wage, then in my judgment that is the most unfair thing you can do to the average working man in this country. It is complete discrimination between workers and business people, depending on their line of activity, at the whim of the President."

There was considerable opposition to the move to eliminate selective price and wage controls in the House as well as in the Senate. Congressman PATMAN said that the Kunkel amendment would eliminate the second step in the bill which he described as No. 2, selective controls which will permit the President to deal with certain items and certain commodities, and along with it wages as well as prices.

It was recognized in the House as well as in the Senate that the American economy is so interdependent that selective price and wage controls simply will not work. In the debate on the Kunkel amendment in the House, Congressman POAGE said:

"Are we to say that we will put a ceiling price on brick and none on cement? Do we not know that brick would go off the market and cement blocks would go up? * * * We are not going to stop inflation by pushing some prices down and letting others go uncontrolled. You must control all prices if you are to keep goods on the market at fair prices."

Congressman KEAN supported the Kunkel amendment as a result of our experience under selective controls during the last war. He pointed out:

Selective controls proved to be a failure, and in October 1942 the President recommended and the Congress passed a bill providing for over-all controls thereafter. The people of the United States and the Government during the war years paid billions more for what they needed than they should have.

"Selective controls have failed in past history; they will fail now. So I support the Kunkel amendment."

The Kunkel amendment was accepted by the House by a vote of 94 to 70 on a division and by a teller vote of 118 to 96. In view of this clear-cut expression of opinion in both Houses against selective controls many people no doubt wonder how the conference report could now include selective controls. The answer is that the Kunkel amendment was not drafted so as to accomplish its intended purpose. The House conferees, as was their right, insisted upon the letter of the House bill, and the Senate was forced to recede.

As a result, the administration has won its battle for selective price and wage controls. In my opinion, however, this will prove to be a hollow victory, and one, which from the political standpoint, cannot help but embarrass the President. There will be numerous pressure groups which will complain in the next 2 months that thousands of prices are too high. The President will be subjected to tremendous pressure to control particular commodities, the price of which, many people, rightly or wrongly, feel to be excessive. The President will be forced to initiate a piecemeal system of controls by reason of political pressure which can be exerted by certain groups. As a result, materials and labor will tend to flow from the controlled industry to the uncontrolled segment of the economy, thereby prejudicing the defense effort if the controlled industry is a vital one. Some employers and employees will find their incomes limited at a time when all other prices and wages are free to rise. Once the President embarks on selective price and wage controls, general price and wage controls will become inevitable.

The idea of trying selective price and wage controls before resorting to general controls is inconsistent with the so-called Baruch plan. Mr. Baruch's thesis, confirmed by the experience in two wars, is that any attempt to control a few prices or wages is futile. The piecemeal control provisions authorized by the conferees invite the President to initiate an unworkable program which cannot fail to result in creating distortion and chaos in the economy.

A number of people described the Bricker amendment eliminating selective price and wage controls as a political maneuver. In my opinion, Mr. President, the authority to impose price and wage controls on a piecemeal basis is a political booby trap for the President. It is not unreasonable to expect that candidates for public office will view with alarm the high price of meat, for example, and demand that the President impose price ceilings on meat and wage ceilings on packing-house employees. The administration will be helpless in the face of such demands. A majority of those voting in both the House and Senate tried to protect the President from politically inspired demands for price and wage controls on particular commodities and wages, and at the same time guard against the premature application of general, over-all controls.

It is unfortunate Mr. President, that the Senate conferees were unable to retain the Johnson amendment placing all priorities and allocation powers in the Secretary of Commerce. As a result, there is a real danger of a bureaucratic fight for the right to allocate particular commodities. For example, the right to allocate tin might be claimed by the Secretary of Commerce, the Secretary of the Interior, and the Secretary of Agriculture. The possibility of duplicating authority and confusion constitutes a threat to the defense effort. If it becomes necessary at some future time to create a new agency to administer priorities and allocations powers, it will be difficult to collect these powers from a large number of the existing departments and agencies. I sincerely hope, Mr. President, that the President will concentrate most of this authority in the hands of the Secretary of Commerce, and that Chairman Symington will be able to minimize the potential and probable jurisdictional conflicts.

Although the Senate conferees were unable to insure unified direction and control of priorities and allocations powers, they were successful in securing unified direction and control of general price, wage, and consumer rationing authority. Section 403 provides:

"At such time as the President determines that it is necessary to impose price and wage controls generally over a substantial portion of the national economy, he shall administer such controls, and rationing at the retail level of consumer goods for household and personal use under authority of title I of this act (when and to the extent that he exercises such authority), through a new independent agency created for such purpose. Such agency may utilize the services, information, and facilities of other agencies and departments of the Government, but such agency shall not delegate enforcement of any of the controls to be administered by it under this section to any other agency or department."

Section 403, for example, will prevent the Secretary of Agriculture from administering a consumer rationing program, the Secretary of Labor from controlling wages generally, and the Secretary of Commerce from controlling prices generally. If it becomes necessary to impose general price and wage controls, we will not have another Office of Price Administration with no authority over wages. One agency will be charged with controlling inflation, and that agency will have full power over prices, wages, and rationing at the consumer level. Moreover, that power cannot be delegated. In my opinion, the provision for a single independent agency represents a great improvement over the haphazard organizational structure under which we operated during the last war.

Any legislation which permits regimentation of the whole economy cannot help but involve the sacrifice of some individual liberties. In my opinion, the economic controls legislation of the last war sacrificed many rights of the individual unnecessarily. The outstanding example of unnecessary encroachment on individual liberty was the provision in the Emergency Price Control Act of 1942 which compelled the district courts to send a man to jail even though the court felt that the regulation or order which he violated was not in accordance with law, or was arbitrary or capricious. Although the Supreme Court held such a provision constitutional, the late Mr. Justice Rutledge said in dissent:

"Once it is held that Congress can require the courts criminally to enforce unconstitutional laws or statutes, including regulations, or to do so without regard for their validity, the way will have been found to circumvent the supreme law and, what is more, to make the courts parties to doing so." *Yakus* v. *United States*, (321 U. S. 414, 468).

To prevent the loss of a man's freedom as a result of violating an invalid regulation, I offered an amendment to permit the local courts to pass on the validity of price regu-

lations in criminal and civil actions, but granting to the Emergency Court of Appeals the exclusive right to enjoin the enforcement of regulations claimed to be invalid. Although my amendment was accepted by the Senate Banking and Currency Committee, the House bill followed the 1942 price-control law.

The House conferees insisted on the provision in the House bill. However, the conference was able to work out a compromise giving defendants the right to contest the validity of the regulations which they are charged with violating. Unfortunately, under the terms of the compromise, defendants will have to go from the trial court to the Emergency Court of Appeals in order to raise the defense that a particular regulation or order is invalid.

The conference accepted an amendment of mine to the Senate bill forbidding the issuance of highest price line limitation orders. The provision is now section 402 (i), which provides:

"No rule, regulation, or order issued under this title shall require any seller of materials at retail to limit his sales with reference to any highest price line offered for sale by him at any prior time."

Although this provision is not one of major importance, I wish to correct the misconception of many people that this is a "sport-shirt amendment." In the last war, many manufacturers stopped making lower-price shirts and produced only fancy sport shorts on which a higher-price ceiling was applicable. The "highest-price line" provision has nothing to do with that situation. It applies only to retailers.

The highest price line limitation provision is designed to help the low-income consumer. During the last war, some low-overhead retail stores were prevented by OPA regulations from selling dresses, for example, in excess of $12 if that was their highest price dress on the date of the freeze. Such stores would have been able to sell dresses for $15, but were unable to do so even though the same dress could and did sell for $25 at some more exclusive, higher-overhead shop.

Title V dealing with the settlement of labor disputes was eliminated by the House, but a majority of the Senate voted for that title. Many Members of the House felt that the language of title V was so broad that it permitted compulsory arbitration, or even conscription of striking workers. Many of the Senators who voted for title V did so in the belief that only voluntary action was authorized. Title V, as reported by the conference committee, should meet with the approval of the overwhelming majority of the Members of both Houses.

In its original form, title V authorized the President, "after consultation with labor and management, to establish such principles and procedures and to take such action as he deems appropriate for the settlement of labor disputes affecting the national defense. * * *" The words "take such action as he deems appropriate" did not exclude the possibility of compulsion in the settlement of labor disputes. This broad language was eliminated from title V by the conferees.

In its present form, title V authorizes only voluntary action either through the use of existing mediation and conciliation facilities or as a result of Government-industry-labor conferences. Such voluntary action must be consistent with price and wage stabilization policies, the Taft-Hartley Act, and Federal labor standards statutes.

Mr. MAYBANK. I presume that what the Senator has said referred to the original Bricker amendment insofar as jurisdiction was concerned.

Mr. BRICKER. That is correct.

Mr. MAYBANK. I want to say that we on this side of the aisle had agreed to stay with the Senator as long as we could, and that we finally worked out something that we could put in the conference report.

Mr. BRICKER. That is what I wanted to discuss. I intended to discuss the situation under which an individual citizen charged criminally or civilly by his Government does not have the right to avail himself of a defense in his local court.

Mr. MAYBANK. I thoroughly agree with the Senator from Ohio, and the Senate conferees stuck together as long as they could.

Mr. BRICKER. I agree entirely that the Senate conferees stuck together, and I thank the Senator. Even though the individual rights of a citizen are involved, as I indicated, I do not desire to hold up further giving the President power which is essential for the conduct of the war, and to put us on a war economy.

Mr. MAYBANK. The Senator from Ohio will agree that I felt the same way about it.

Mr. BRICKER. That is true.

Mr. WHERRY. Mr. President, I want the RECORD to show that I deeply appreciate the work of the minority members of the conference committee. I consulted with them. They worked long hours. Certainly they have acquired a thorough knowledge of what transpired. I only regret that some of the provisions they wanted to keep in the bill were taken out. I certainly thank the Senator from Indiana [Mr. CAPEHART], the Senator from Ohio [Mr. BRICKER], the Senator from New York [Mr. IVES], and the Senator from Vermont [Mr. FLANDERS] who worked very hard on the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. HUNT. Mr. President——

The PRESIDING OFFICER. The Chair is asked to recognize the Senator from Wyoming to bring up a privileged matter.

Mr. CAPEHART. What other privileged matter, Mr. President? We are considering a privileged matter now.

Mr. MAYBANK. Mr. President, I agree with what the Senator from Nebraska said. Certainly as chaiman of the committee I appreciate the cooperation of the Senator from Indiana [Mr. CAPEHART], the Senator from Vermont [Mr. FLANDERS], the Senator from Ohio [Mr. BRICKER], the Senator from New York [Mr. IVES], as well as the work of the Senators on this side of the aisle who are members of the conference committee.

Last evening some question was raised with respect to the termination date. Later on I shall offer for the record a statement in which, among other things, I set forth my understanding of the effect of the termination provisions. There can be no question about the termination date, so far as contract dates are concerned. I ask that the memorandum be printed in the RECORD.

Mr. DONNELL. Mr. President, I should like to ask the Senator to be kind enough to give his attention to title V of the conference report.

Mr. MAYBANK. Yes.

Mr. DONNELL. Section 502 contains certain language which I should like to have interpreted by the Senator from South Carolina, as a member of the Senate conferees and as chairman of the committee. The language to which I have reference is:

SEC. 502. The national policy shall be to place primary reliance upon the parties to any labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement in the national interest.

Then comes this language, to which I request particular attention of the Senator from South Carolina:

To this end, the President is authorized (1) to initiate voluntary conferences between management, labor, and such persons as the President may designate to represent government and the public, and (2) subject to the provisions of section 503, to take such action as may be agreed upon in any such conference and appropriate to carry out the provisions of this title. The President may designate such persons or agencies as he may deem appropriate to carry out the provisions of this title.

I ask the Senator by whom it is contemplated that the agreement mentioned in the second portion of the second sentence is to be made. In other words, the President is authorized to initiate these conferences consisting of, first, management; second, labor; and third, such persons as the President may designate to represent government and the public. The sentence then proceeds:

And (2) subject to the provisions of section 503, to take such action as may be agreed upon in any such conference and appropriate to carry out the provisions of this title.

The agreement of whom is required?

Mr. MAYBANK. I want to say to the distinguished Senator from Missouri that we labored hard and long on this bill. Finally, after it came to the Senate floor 2 weeks ago the distinguished Senator from New York [Mr. IVES] explained the purport of title V. We agreed that we should do something similar to what was done during the last war with respect to setting up a war labor board. We felt some agency should be established through which perhaps voluntary no-strike pledges could be proposed to management and labor. Since the distinguished Senator from New York [Mr. IVES] is familiar with this matter, I should like to have him answer the question if the Senator from Missouri does not object. Otherwise I shall be glad to do so.

The PRESIDING OFFICER. Without objection, the Senator from New York is recognized for that purpose.

Mr. IVES. I shall make direct answer to the question posed by the distinguished Senator from Missouri by making the statement that it would have to be agreed to by the conferees, who consist of all the segments indicated in the previous reference under subdivision (1). In other words, labor, management,

and the public. If any group were to hold out, there would be no agreement.

Mr. DONNELL. I think I understood the answer of the Senator from New York, but I want to be perfectly sure. The conference is to consist of the three segments: (1) management, (2) labor, (3) such persons as the President may designate to represent Government and the public. Suppose management and labor agreed, but the persons selected by the President to represent the Government and the public do not agree, is there agreement under those circumstances within the contemplation of that section?

Mr. IVES. No, not in the construction that I place on the section.

Mr. DONNELL. Am I correct in understanding that in order that the President may be authorized to take the action mentioned in the second sentence of section 502 there must have been agreement by each and all of the three segments indicated, namely, management, labor, and such persons as the President may designate to represent the Government and the public?

Mr. IVES. I believe that interpretation is the correct interpretation.

Mr. DONNELL. May I ask the distinguished chairman the same question?

Mr. IVES. May I make a short statement while I am on the floor?

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered.

Mr. IVES. I shall take very little time, because I realize the need for speed. However, insofar as title V is concerned, I personally believe that it is an improvement over the original title V passed by the Senate. It is not exactly as it should be. There are defects in it. But certainly all the doubtful matter that was in the original title V has been cleared up. Mr. President, I believe it is workable and in line with the intent of the Congress.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. DONNELL. I have the floor. May I ask the distinguished Senator from South Carolina, before we get too far away from the question I asked, whether he concurs in the answer made by the distinguished Senator from New York to my question, which I understand to be as follows: In order that the President may be authorized to take the action mentioned in the second sentence of section 502 there must have been agreement by each and all of the three segments participating in the conference, namely, management, labor, and such persons as the President may designate to represent Government and the public. Does the Senator agree with that statement?

Mr. MAYBANK. I thoroughly agree with what the Senator from New York has stated.

Mr. DONNELL. The Senator from South Carolina agrees with the statement I have made as to the construction of what the Senator from New York has stated? Am I correct?

Mr. MAYBANK. It was the desire of the Senator from New York and the Senator from South Carolina to have industrial peace in time of war. We thought that the programs which had been reasonably successful during the last war should be instituted again, and it is our hope that the President, perhaps, would take steps toward that end. The President would be able to appoint suitable persons and consult with others, so as to bring about a condition of industry-labor peace.

Mr. DONNELL. Mr. President, I am not at all questioning the desire to secure industrial peace.

Mr. MAYBANK. I thoroughly agree with what the Senator from New York has said.

Mr. DONNELL. Very well. Then I understand that in order that the President may have the authority to take the action stated in the second sentence of section 502, there must have been agreement by each and all of three elements, namely, management, labor, and such persons as the President may designate to represent the Government and the public. Am I correct?

Mr. MAYBANK. The distinguished Senator from Missouri is absolutely correct.

Mr. DONNELL. I thank the Senator.

Mr. MAYBANK. Mr. President, I ask unanimous consent that a statement I have prepared regarding the conference report be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. President, I am very pleased to report to the Senate that your Committee on Banking and Currency and the House Committee on Banking and Currency, having met in free conference, have reconciled their differences and have agreed on a bill which I earnestly hope the Senate will approve.

Your committee has worked without interruption every day, morning, afternoon and on many evenings, since the bill was introduced on July 19. The task of your committee was a difficult one, indeed, since the subject matter was so complex and the interests involved were so tremendous and the time to act so limited. But, Mr. President, no chairman ever received more cooperation from his committee members than did I. There were differences and strong ones, but in the interests of all Americans we settled them in a way I trust you will agree was constructive.

TITLE I

In title I, priorities and allocations, there were two important differences between the House and the Senate conferees—the antihoarding provision and the location of administrative responsibility.

The House receded to the Senate's antihoarding provision with two minor clarifying amendments.

The Senate after prolonged discussion finally receded to the House in authorizing the President to delegate the power to assign priorities and allocate materials and facilities to any officer or agency of the Government rather than to the Secretary of Commerce as provided for in the Senate bill. The House insisted that it would be inefficient and unwise to require an agency unfamiliar and perhaps not equipped to deal with the problem of a particular industry, say agriculture or the petroleum industry or communications to administer the functions and allocations in connection with or for that particular industry. The conferees assume, however, that the President so far as practicable will delegate the authority with respect to any one basic commodity to a single agency of Government. The conferees further assume, as was indicated during the public hearings, that the major responsibility will, unless at some later date the President sets up a new agency for the administration of this program, be placed under the Secretary of Commerce.

The conferees further assume that in delegating his authority under the bill the President will designate an existing agency, or establish a new agency to coordinate the activities of all Federal agencies under the bill.

TITLE II

On the title concerning authority to requisition the House receded to the Senate in permitting the owner of any property requisitioned to bring suit, regardless of whether the amount exceeded $10,000, in any district court, rather than as provided in the House bill to permit recovery for sums exceeding $10,000 in the Court of Claims.

The differences between the House and Senate version on the return of requisitioned property to the original owner were settled by the House accepting the Senate version with respect to the return of real property and the Senate receding to the House provision on the return of personal property.

TITLE III

In this title providing for the expansion of productive capacity and supply the House agreed to the Senate provision with respect to the inclusion of "services" along with "production and deliveries." Likewise the House agreed with the Senate provision making eligible for loans and guarantees nonprofit research corporations.

The Senate receded to the House in authorizing the President to designate, rather than have the Board of Governors of the Federal Reserve System designate, as provided in the Senate bill any Federal Reserve bank to act on behalf of any guaranteeing agency as fiscal agent, and likewise placed the responsibility for supervision and issuance of regulations under section 301 in the President rather than in the Board of Governors of the Federal Reserve System. The conferees assume that the President will, as he did in the last war, make the fullest use of the facilities of the Federal Reserve Board to the extent he deems necessary.

The House also receded to the Senate in accepting the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY] as amended by the Senator from Oklahoma [Mr. KERR] and the Senator from Texas [Mr. CONNALLY] providing for the purchases of or commitments to purchase metals, minerals, and other raw materials, for Government use or for resale; and for the encouragement of exploration, development, and mining of critical and strategic minerals and metals. A modifying amendment providing against the sale of any agricultural commodities purchased under this section at less than the current market price or the minimum price established by the Commodity Credit Corporation was agreed upon.

The House receded to the Senate provision (sec. 303 (b)) authorizing the purchases and commitments to purchase and sell to be made without regard to limitations of existing law and on terms and conditions which the President deems necessary. Purchase at above the prevailing market prices or when a loss is anticipated shall only be made where it is determined that the supply could not be increased at the lower price or that such purchases are necessary to assure the availability of overseas supplies.

For the administration of the loan and purchase program the House provided, in addition to the use of departments, agencies, officials, or corporations, for the establishment of new corporations. The Senate bill provided for the establishment of

new agencies but not new corporations. The House bill authorized a revolving fund of $2,000,000,000 to be borrowed from the Treasury of the United States while the Senate authorized a fund of $300,000,000 to be borrowed from the Treasury pending the appropriation of such sums as are requested to carry out the loan and purchase programs. The House receded to the Senate with an amendment in the form of a substitute. It provides for a revolving fund of $600,000,000 to be borrowed from the United States Treasury and an additional authorization for an appropriation of $1,400,000,000.

The Senate receded to the House on the Metals and Minerals subtitle, the so-called Millikin amendment, because the House insisted it could not agree to such a provision because an identical measure had been rejected by the House. The Senate conferees also were aware that the purpose and objective of this subtitle were well provided for in section 303 (a).

The House accepted the Senate provision (the Johnson amendment) authorizing the installation of additional equipment, facilities, processes or improvements to plants, factories and facilities owned by the United States Government with an amendment providing for the installation of Government-owned equipment in plants, factories or facilities owned by private persons. The conferees wish to make it perfectly clear that the use of the word "encouragement" is not intended to interfere with or to limit the Bureau of Mines or any Government agency in their regular operations and programs.

The price and wage stabilization title which your committee added to the administration's requested production control bill was the title which created the most problems and caused the greatest difficulties for all the conferees.

The Senate bill, in addition to voluntary action for the control of prices and wages, authorized the President to impose price ceilings and wage stabilization generally, and specifically prohibited selective price or wage control. The House provided for selective control as well as general price and wage control, but the latter were only required to be instituted when ceilings had been established on materials or services comprising a substantial part of all sales at retail and substantially affecting the cost of living.

A substitute amendment was finally agreed upon by the conferees providing for selective control under certain conditions and providing for the stabilization of wages, salaries, and other compensation in the industry or business producing the material or performing the service on which a ceiling was imposed. It provided, as the House bill did, for the imposition of price ceilings and wage stabilization generally, whenever ceilings had been established on materials comprising a substantial part of all sales at retail and materially affecting the cost of living. Provision was made for adjusting ceilings and wages when the President deems it necessary to prevent hardships and inequities, and the President is authorized and required to give due consideration to the national effort to achieve maximum production in furtherance of the objectives of the act. The President in adjusting price ceilings would consider such things as profits in the particular industry and related industries; and in adjusting wages would likewise consider wages in the same industries and similar occupations in related industries.

The Senate receded on the amendment providing that no ceiling could be established or maintained which is designed to allow any seller a margin of profit greater than his normal margin when, after careful examination, all the conferees agreed that such a standard would be impossible to determine for every one of possibly thousands and thousands of sellers.

The House receded with an amendment to the so-called hardship amendment. It is to protect those sellers who have bona fide contracts in effect for future deliveries and who would suffer a real hardship or inequity as a result of the issuance of price regulations. I wish to emphasize that this provision is not intended, and under proper administration will not be used, for those who wish to exempt themselves from the price ceilings, but rather for those legitimate businessmen whose normal business practices require contracts for future delivery, and I emphasize "normal" and "require."

The House receded to the Senate provision in section 402 (b) (3) providing ceilings on agricultural commodities with an amendment providing that the base price be the "highest" during May 24 to June 24—rather than "the price."

The Senate receded to the House and accepted the House language on the imposition of price ceilings for milk. It was recognized that difficulties might arise in the administration of these provisions, and consideration may have to be given to changes in the light of experience under the act.

The House receded to the Senate provision relating to the exception for rates charged to public utility and common carriers and providing for notice and intervention by the Federal Government before the public authority having jurisdiction to consider such rate increases by offering a substitute amendment, the net effect of which was to restrict the right of intervention to rate increases on services sold for resale and not make it applicable in the cases where applications were filed before the issuance of the stabilization regulation or order.

The House was adamant in its refusal to accept the amendment providing a reasonable margin of profits to each segment of the meat-processing industry on cattle and calves, lamb and sheep, and hogs. The Senate at the very end of the conference finally receded. The House conferees pointed out the other provision in the bill (sec. 402 (c)) designed to provide reasonable margins of profit and fair and equitable treatment. They also asserted that a reasonable profit to each segment on each species would assure excessive profits to integrated producers who normally made an over-all profit, in spite of small margins on some steps in the process.

The House receded to the Senate on section 402 (i) prohibiting the elimination or restricting the use of brand names, grade labeling, etc., except where no alternative exists for effective price control.

The House only at the very end of the conference agreed to recede to the Senate provision requiring the President to set up a single agency to administer price, wage, and rationing control whenever he imposes general price and wage controls. While there is a provision preventing the delegation of the enforcement of any controls, the conferees agreed that the investigatory and inspection services of existing agencies should be fully utilized, and the Senate provision for handling litigation through the Department of Justice was retained.

The House accepted the Senate provision removing wage stabilization regulations or orders from review by the Emergency Court of Appeals as suggested by Cyrus Ching.

The Senate most reluctantly at the very end of the conference, and only with the concurrence of the junior Senator from Ohio, yielded to the deletion of the provision (407 (d)) permitting any court of competent jurisdiction to pass upon a price regulation when involved in a case otherwise properly pending before it. The conference substitute retains the House provision, with an additional provision which permits recourse to the Emergency Court of Appeals when the validity of a regulation is questioned in a civil or criminal case in the district or other court and provides for staying such cases until the Emergency Court of Appeals makes the determination.

The Williams amendment relating to Government contracts for purchase of processed chickens and turkeys was retained.

TITLE V

The labor disputes title of the Senate was accepted by the House with amendment which merely indicates more specific avenues through which the President may bring labor and management together. Certainly the President may wish to use these and other voluntary means, such as conferences and consultations, to assist him in carrying out the purposes of this title. The President is also authorized to use such persons and agencies as he deems appropriate to carry out the provisions of this title.

It is my expectation that labor and management generally will cooperate in an endeavor to work out, in conferences and other consultations, voluntary means for the peaceful settlement of labor disputes, so as to avoid interruption of essential production. Such voluntary cooperation can, of course, only be effective if the great majority of labor, management, and the public approve the basic principles involved, and consider them fair and equitable to all interests. It is my hope and my expectation that such general agreement can and will be obtained and that there will be few, if any, who do not agree.

TITLE VI

This title was made clearly applicable only to control of consumer credit and real-estate construction credit by the addition of a new sentence at the beginning of the title. This is what the Senate had intended.

The House agreed to recede to the Senate language on control of consumer credit with an amendment authorizing the administration of Regulation W by the Board of Governors of the Federal Reserve System.

The Senate agreed to recede to the House language on the control of real-estate construction. The chief difference between the House and Senate was in the matter of administrative responsibility. The Senate had placed the responsibility for the control of conventional real-estate credit in the Board of Governors of the Federal Reserve System and the control of governmentally guaranteed and insured credit in the hands of the President after consultation with the Board of Governors of the Federal Reserve System The House simply put the responsibility on the President for him to delegate it as he chooses.

The Senate report referred to loans secured by savings and loan associations. While it is not the intention of the conferees to tell the Board how to administer credit controls, it does wish to direct its attention to the fact that if the Board, in carrying out the purposes of the title, decides to treat one type of institution or savings or share account one way, then it believes equal treatment be accorded other similar institutions and types of accounts.

TITLE VII—GENERAL PROVISIONS

The House receded to the Senate amendment requiring allocations of supplies available for civilian use on the basis of the pre-Korean pattern of distribution. The House insisted, however, on an amendment to this provision which they felt would make the provision more practicable. The House conferees felt, and urged their position vigorously, that the version of this provision adopted by the Senate seemed to give an

appearance of assurance to businessmen which might be deceptive, and also that the administrative burden of assuring to each of the thousands of individual businesses in the country a fair share of an allocated material might be entirely impossible. Accordingly, the conference substitute provides that if allocation of material makes a significant dislocation of normal distribution, a fair share must be made available, so far as practicable, for business and various segments thereof, in the normal channel of distribution. The conferees expect that the importance of this provision to our economy, and in particular to independent small business, will be fully recognized. It is vital to the maintenance of our competitive free-enterprise system.

TERMINATION DATE

Under the Senate bill the act terminated June 30, 1952, but with power in the Congress and the President to terminate at an earlier date.

In the House bill the termination date was June 30, 1951, and the House also provided that the Congress or the President might terminate at an earlier date.

The conference substitute is a compromise of these two versions. It provides that title I (dealing with priorities and allocation), title II (dealing with authority to requisition), title III (dealing with expansion of productive capacity and supply), and title VII (the general administrative provisions, including antitrust exemption and voluntary agreements and the so-called watchdog committee) shall terminate at the close of June 30, 1952, but that such titles shall be effective after June 30, 1951, only to the extent necessary to aid in carrying out contracts relating to the national defense entered into by the Government prior to July 1, 1951. This means that any action may be taken under these titles between June 30, 1951, and June 30, 1952, that will aid in carrying out Government contracts entered into prior to July 1, 1951. For example, priorities could be assigned to deliveries of materials to a contractor for use in carrying out such a contract, allocations of material could be made to the contractor, and property might be requisitioned for delivery to a contractor to aid him in carrying out his contract. Furthermore, under title VII it would be possible to provide for voluntary agreements, if that were necessary to carry out such a contract, and such agreements would be within the exemption from the antitrust laws.

This would, of course, include assistance to subcontractors under Government contracts and assistance in connection with materials needed to carry out the contract even though the materials were not incorporated into the articles being bought by the Government.

On the other hand, this provision would not permit the use of the powers in titles I, II, III, and VII during the period after June 30, 1951, to assist general civilian activities in support of the defense program, nor would it permit use of these powers to maintain the essential civilian economy or to prevent the strains and dislocations on wages, prices, and production or distribution of materials for civilian use, for which they could be used during the period up to June 30, 1951.

As to title IV (relating to price and wage stabilization), title V (relating to settlement of labor disputes), and title VI (relating to credit controls), these provisions and all authority conferred thereunder terminate next June 30.

There are included in the conference substitute, first, the authority to terminate by concurrent resolution of the Congress or by Presidential action; second, continuation of new agencies for not to exceed 6 months after termination of the provisions authorizing their creation, for purposes of liquidation only; and, third, a necessary saving clause relating to disbursements of funds and carrying out of contracts, guaranties, commitments, and other obligations entered into prior to the date of termination and permitting any action necessary to preserve or protect the interests of the United States in amounts advanced or paid out.

Mr. LUCAS. Mr. President, before the vote is taken on the report, I wish to take this opportunity to commend the conferees on both sides of the aisle who have done what I believe to be a very constructive and magnificent piece of work in bringing about an agreement on the defense-production bill. No one knows better than does the Senator from Illinois the intricate and complex problems which are involved in a measure of this character. Obviously, it is not the kind of a bill any one Senator would probably agree to in every detail, but at the same time, as has been said repeatedly, and as we all know, legislation of this kind comes about through compromise; and of course this report represents a compromise.

Mr. President, I was especially interested in the remarks made by the distinguished Senator from Ohio [Mr. ERICKER] with respect to the necessity of getting legislation of this kind on the statute books as rapidly as possible because of the world conditions which now exist.

Again, Mr. President, I commend the conferees on both sides of the aisle for the spirit of give and take which was absolutely necessary in order to bring back a bill of this character. I am sure the President of the United States will be very happy when he signs the bill and it becomes the law of the land.

Mr. IVES. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the Senator from New York.

Mr. IVES. I wish to make a statement with regard to the question just posed by the Senator from Missouri, in order to clear it up so that there may be no doubt whatever regarding it.

The Senator from Missouri has raised the question as to whether agreements on the part of labor, management, and the other persons to be designated by the President, are necessary in order to meet the provisions of the section to which reference has been made. The answer is, of course, yes; and we all agree on that.

However, I do desire to point out that such agreements would not necessarily call for complete agreement among all the segments of labor and all the segments of management. We might never be able to get such an agreement, anyway. It would be indicated that there would have to be a majority vote within labor, or a majority vote within management, or presumably a majority vote of the group designated by the President, and then all three groups would have to agree among themselves.

Mr. DONNELL. Mr. President, will the Senator from Illinois yield to me?

Mr. LUCAS. I yield to the Senator from Missouri.

Mr. DONNELL. I wish to be sure that I understand the Senator from New York. I think it is extremely important that there be no misunderstanding.

I understand from the Senator from New York that in order that the President may have the power to take the action mentioned in the second sentence of section 502 there must be an agreement by a majority of the members of labor, a majority of the members of management, and a majority of the representatives appointed by the President to represent the Government and the public.

Mr. IVES. That is absolutely correct.

Mr. DONNELL. And unless there is such an agreement by each and all those several segments, the President would not have the power conferred upon him by that section.

Mr. IVES. That is absolutely accurate.

Mr. DONNELL. Is that the interpretation of the Senator from South Carolina?

Mr. MAYBANK. That is my interpretation.

Mr. LUCAS. Mr. President, as soon as the vote is taken on the conference report, the Senate will return to the consideration of the tax bill, and it is my hope that we can speed along with that measure rapidly, because we are going to pass the tax bill before we leave here tonight. I made that statement yesterday, and I repeat it today. There are some amendments to be offered, of course. I hope the Senator from Connecticut [Mr. MCMAHON] will be here immediately to offer his amendment dealing with the tax on copper; and there are some other amendments to be offered. But it seems to me we should not take too long on any of the amendments. They have been debated over and over again, and we should be able to make disposition of them in a hurry.

I know the Senator from Georgia is anxious to conclude consideration of the bill, as are all other Senators, and I do hope we will not drag it out until late this evening; but if necessary, we will remain here late to act on the bill.

Mr. SPARKMAN. Mr. President, the junior Senator from Minnesota [Mr. HUMPHREY] had to leave the floor, and he was particularly eager to have one question cleared up regarding the conference report, and I promised him I would make a very brief statement, and ask the able chairman of our committee if the interpretation I am about to state is not correct.

On page 9, section 402, subdivision (ii) it is stated that exempt from controls are "rates or fees charged for professional services."

The question the Senator from Minnesota wants propounded is this: Would the fee charged for the work of a registered pharmacist in filling a prescription likewise be exempt under that definition?

Mr. MAYBANK. Yesterday we had quite a discussion of that question in the committee, and in the opinion of the ranking minority member of the committee, and in my opinion, I say to the distinguished Senator from Alabama, such a fee would be exempt.

Mr. CAPEHART. Mr. President, there is no question about it. It was

discussed by the conferees and agreed by the conferees that that was the fact.

The VICE PRESIDENT. The question is on agreeing to the conference report on H. R. 9176.

The report was agreed to.

Mr. MAYBANK. Mr. President, the conference report calls for the appointment of a committee to make further study and to keep in touch with the administration of the law. Unfortunately, the appointment of that committee was left to me. I did not vote that it should be left to me, as the Senator from Indiana [Mr. CAPEHART] knows, but since it has been done, and it seemed to be the desire of some of the members of the committee that I appoint myself on the committee, I acquiesced, with the understanding that I would appoint the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Virginia [Mr. ROBERTSON], the Senator from New Hampshire [Mr. TOBEY] and the Senator from Indiana [Mr. CAPEHART], in addition to myself.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Snader, its assistant reading clerk, informed the Senate that Hon. FRANCIS E. WALTER, a Representative from the State of Pennsylvania, was elected Speaker pro tempore during the absence of the Speaker.

The message communicated to the Senate the intelligence of the death of Hon. ALFRED L. BULWINKLE, late a Representative from the State of North Carolina, and transmitted the resolutions of the House thereon.

The message announced that the House had agreed to the following resolution:

House Resolution 838

Resolved, That when this House adjourns on Friday, September 1, 1950, it will adjourn to meet in the caucus room in the New House Office Building on Tuesday, September 5, 1950, and it shall continue to meet there until otherwise ordered.

Resolved, That all rules relating to the Hall of the House shall be applicable to the caucus room.

Resolved, That the Clerk communicate these resolutions to the President of the United States and to the Senate of the United States.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H. R. 1271. An act for the relief of Carl E. Lawson and Fireman's Fund Indemnity Co.;

H. R. 2233. An act conferring jurisdiction upon the United States District Court for the Territory of Hawaii to hear, determine, and render judgment upon the claim of Ewa Plantation, a Hawaiian corporation;

H. R. 7302. An act to amend the act of July 14, 1943, relating to the establishment of the George Washington Carver National Monument, and for other purposes;

H. R. 8026. An act to authorize the Secretary of the Interior to dispose of the remaining Government lots in the town site of St. Marks, Fla.;

H. R. 9038. An act to authorize the President to determine the form of the national budget and of departmental estimates, to modernize and simplify governmental accounting and auditing methods and procedures, and for other purposes; and

H. J. Res. 537. Joint resolution making emergency appropriations for the fiscal year 1951, and for other purposes.

INDUCTION OF MEDICAL, DENTAL, AND ALLIED SPECIALISTS — CONFERENCE REPORT

Mr. HUNT. Mr. President, I submit a conference report on the bill (S. 4029) to amend the Selective Service Act of 1948, as amended, so as to provide for special registration, classification, and induction of certain medical, dental, and allied specialist categories, and for other purposes, and I ask unanimous consent for its present consideration.

The VICE PRESIDENT. The report will be read for the information of the Senate.

(For conference report see p. 14173 of House proceedings, CONGRESSIONAL RECORD of August 31, 1950.)

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. HUNT. Mr. President, as chairman of the subcommittee I should like to say to the Senate that any changes made from the bill as it passed the Senate are of no particular consequence. They are hardly worth bringing to the attention of the Senate, and unless some Seantor has some question he wishes to ask me, I shall not attempt to explain the technical and other minor changes made.

Mr. GURNEY. Mr. President, as a member of the conference committee on behalf of the Senate I wish to call one section of the conference report to the attention of the Senate, but more especially comment on it so that there will be in the RECORD at least a statement of my understanding of why the section to which I shall refer is in the report and is now a part of the bill.

I refer to the language that appears on page 3, the third sentence in paragraph (j). It has to do with the performance of the duties of the National Advisory Committee, which will do the work of selecting the physicians and dentists. The conferees agreed to raise the age limit to 50 years for both physicians and dentists, but, of course, the function of the Advisory Committee is, first, to provide the necessary professional services for the Armed Forces, and, second, to take care of the health needs of the civilian population. In order to do that, the Advisory Committee must take into consideration, not only the doctors and dentists below 50 years of age, but all the practicing physicians and dentists, no matter what their age. I shall read the subsection to which I have referred:

In the performance of their functions, the National Advisory Committee and the State and local volunteer advisory committees shall give appropriate consideration to the respective needs of the Armed Forces and of the civilian population for the services of medical, dental, and allied specialist personnel; and, in determining the medical, dental, and allied specialist personnel available to serve the needs of any community, such committees shall give appropriate consideration to the availability in such community of medical, dental, and allied specialist personnel who have attained the 51st anniversary of their birth.

It was the purpose of the conferees, and the conferees agreed, that this meant that the advisory committees on the national, the State, and county levels, should take into consideration all the practicing physicians and dentists, no matter whether they are registered or not, and no matter what their age, in deciding whether or not a physician or dentist 50 years or less than that could be taken into the service. In other words, they would get the names and addresses and record of services rendered by practicing physicians and dentists over 50 years of age, from the State boards of health, from the records of the medication associations in the various States and in the Nation as a whole, and would consider all these members of the profession in deciding the number and identity of physicians and dentists who could be taken from each community. I am quite sure the chairman of the subcommittee agrees with that explanation. I hope I have made it plain.

Mr. HUNT. Mr. President, I yield to the Senator from Kentucky, the third member of the committee.

Mr. CHAPMAN. Mr. President, the distinguished junior Senator from Wyoming, like the senior Senator from South Dakota, the former able chairman of the Senate Committee on Armed Services, both devoted a great deal of time and study in preparing the bill, which I believe will prove of great benefit to the armed services, while at the same time providing sufficient medical and dental care for the people back home.

I rose and sought recognition in order that I might call attention to a clerical error in the conference report. The Senator from Wyoming was the very able chairman of the conferees, but through an error in drafting the report, the name of the Senator from Kentucky was placed as the head of the Senate conferees. I simply wanted to call the attention of the Senate to that mistake, and to pay just tribute to both the Senator from Wyoming and the Senator from South Dakota for their magnificent contribution to this measure.

The VICE PRESIDENT. The question is on agreeing to the conference report on Senate bill 4029.

The report was agreed to.

AMENDMENT OF SECTION 3121 OF INTERNAL REVENUE CODE

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 3905) to amend section 3121 of the Internal Revenue Code, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. GEORGE. I move that the Senate insist upon its amendments, agree to the request of the House for a confer-

ence, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to and the Vice President appointed Mr. GEORGE, Mr. BYRD, Mr. JOHNSON of Colorado, Mr. MILLIKIN, and Mr. TAFT conferees on the part of the Senate.

JURISDICTION IN CIVIL ACTIONS INVOLVING CERTAIN INDIANS IN NEW YORK—CONFERENCE REPORT

Mr. LEHMAN. Mr. President, I submit a conference report on the bill (S. 192) to confer jurisdiction on the courts of the State of New York with respect to civil actions between Indians or to which Indians are parties, and I ask unanimous consent for its present consideration.

The VICE PRESIDENT. The report will be read for the information of the Senate.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 192) to confer jurisdiction on the courts of the State of New York with respect to civil actions between Indians or to which Indians are parties, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows:

In lieu of the matter inserted by the House amendment insert the following: "*Provided*, That the governing body of any recognized tribe of Indians in the State of New York shall have the right to declare, by appropriate enactment prior to the effective date of this Act, those tribal laws and customs which they desire to preserve, which, on certification to the Secretary of the Interior by the governing body of such tribe shall be published in the Federal Register and thereafter shall govern in all civil cases involving reservation Indians when the subject matter of such tribal laws and customs is involved or at issue, but nothing herein contained shall be construed to prevent such courts from recognizing and giving effect to any tribal law or custom which may be proven to the satisfaction of such courts:" ; and the House agree to same.

That the Senate recede from its disagreement to the amendment of the House numbered 2 and agree to the same.

JOSEPH C. O'MAHONEY,
ERNEST W. MCFARLAND,
GUY CORDON,
HERBERT H. LEHMAN,
HUGH BUTLER,
Managers on the Part of the Senate.

J. HARDIN PETERSON,
TOBY MORRIS,
WESLEY A. D'EWART,
Managers on the Part of the House.

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the report was considered and agreed to.

NATIONAL DEFENSE FACILITIES ACT OF 1950—CONFERENCE REPORT

Mr. BYRD. Mr. President, I submit a conference report on the bill (H. R. 8594) to provide for the acquisition, construction, expansion, rehabilitation, conversion, and joint utilization of facilities necessary for the administration and training of units of the Reserve components of the Armed Forces of the United States, and for other purposes, and I ask unanimous consent for its present consideration.

The VICE PRESIDENT. The report will be read for the information of the Senate.

(For conference report, see page 14102 of House proceedings, CONGRESSIONAL RECORD of August 30, 1950.)

The VICE PRESIDENT. Is there objection to the present consideration of the report?

There being no objection, the report was considered and agreed to.

DEPORTATION OF THREE CHINESE STUDENTS—STATEMENT BY MR. MICHAEL MCDERMOTT

Mr. BENTON. Mr. President, I ask unanimous consent to have printed in the RECORD a statement which I have received from the Department of State in connection with the story printed in the Washington Post this morning about the three Chinese students who were, according to the Associated Press story, listed as State Department exchange students and had been ordered to leave the United States. The statement from the Department explains the status of the students and gives their background.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

INFORMATION TO BE FURNISHED TO THE PRESS BY MR. MICHAEL MCDERMOTT AT HIS PRESS CONFERENCE, 12 NOON, SEPTEMBER 1, 1950

The Department of State wishes to correct the Associated Press dispatch of August 31 from Boston stating that three Chinese students who have been ordered to depart by October 18 were brought to the United States under the State Department's exchange-student program. The three students in question were neither brought to the United States by the Department of State nor have they received any assistance under the Department's program of aid to stranded Chinese students in the United States. The Department has been reliably informed that these students came to the United States in 1949 on student visas under their own auspices.

All of the 2,506 Chinese students who have received grants under the current emergency program to date have been carefully screened by the Department. In addition, assistance in supervising the activities of these students is rendered by university officials designated by the presidents of some 400 universities throughout the country.

COMMENTS CONCERNING THE ARTICLE APPEARING IN THE WASHINGTON POST, SEPTEMBER 1, 1950, ENTITLED "THREE CHINESE STUDENTS SLUR UNITED STATES, GET GATE"

The Chinese students mentioned in the Associated Press dispatch from Boston came to the United States in 1949 under their own auspices, 4–E student visa, and with no connection whatsoever with the Department of State. Their names are Kuo Chuan Woo, Chung Sung Wu, Yun Chung-San. The names were obtained from the Immigration and Naturalization Service.

These students arrived in the United States after the termination date beyond which no student could receive assistance from the Department of State under the existing program of aid to Chinese students. The Department of State has developed effective controls through the university representatives to handle the students who are actually receiving assistance from the Department. There has been one case where a student was denied a grant at the University of Maine because of alleged Communist feelings. The other 2,500 students who have received grants from the State Department have, through various channels, been carefully checked and under continuous supervision through reputable men appointed by university presidents on 400 campuses to carry out this responsibility.

None of these three students came under the Fulbright program; they arrived in 1949, which indicates that they could not have come under the President's emergency fund program operative from 1945 to 1947, and there was no authority at the time of their entry whereby the Department of State could have assisted them.

The Department has remained in close contact with Immigration and Naturalization authorities at all times and has cooperated with the INS in regard to all problems concerning students.

REVENUE ACT OF 1950

The Senate resumed the consideration of the bill (H. R. 8920) to reduce excise taxes, and for other purposes.

Mr. MCMAHON obtained the floor.

Mr. SALTONSTALL. Mr. President, will the Senator yield to me?

Mr. MCMAHON. I yield.

Mr. SALTONSTALL. Mr. President, at this time I offer a technical amendment which the Senator from Georgia [Mr. GEORGE] was good enough to say he would take to conference. The amendment deals with a question raised with me by the Navy in relation to the term "compensation received in battle zones." The Senator from Georgia stated that he believed the point was covered, but would be glad to take the amendment to conference in order to make sure that it was covered. I offer the amendment and ask that it be agreed to, if my statement is confirmed by the Senator from Georgia. If not, I shall withdraw it.

Mr. GEORGE. Mr. President, will the Senator from Connecticut yield?

Mr. MCMAHON. I yield.

Mr. GEORGE. I should like to have the amendment stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 83, line 23, it is proposed to strike out the period, and insert a semicolon and the following:

(iv) The term "compensation received" as used in this paragraph shall include compensation earned in a combat zone although received outside of such zone.

Mr. GEORGE. Mr. President, I think the amendment expresses the clear intent and purpose of the Congress, and the committee has no objection to it. We will take it to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. SALTONSTALL].

The amendment was agreed to.

Mr. MCMAHON. Mr. President, on half of my colleague [Mr. BENTON], and myself, I call up for consideration the amendment, which we have at the desk, bearing upon the suspension of the copper tariff. I ask that the amendment be read.

The VICE PRESIDENT. The amendment will be read.

[Public Law 774—81st Congress]

[Chapter 932—2d Session]

[H. R. 9176]

AN ACT

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, provide for price and wage stabilization, provide for the settlement of labor disputes, strengthen controls over credit, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, divided into titles, may be cited as "the Defense Production Act of 1950".

TABLE OF CONTENTS

Title I. Priorities and allocations.
Title II. Authority to requisition.
Title III. Expansion of productive capacity and supply.
Title IV. Price and wage stabilization.
Title V. Settlement of labor disputes.
Title VI. Control of consumer and real estate credit.
Title VII. General provisions.

DECLARATION OF POLICY

Sec. 2. It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy. It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively, the requirements of military programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use, within the framework, as far as practicable, of the American system of competitive enterprise.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

SEC. 102. In order to prevent hoarding, no person shall accumulate (1) in excess of the reasonable demands of business, personal, or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices, materials which have been designated by the President as scarce materials or materials the supply of which would be threatened by such accumulation. The President shall order published in the Federal Register, and in such other manner as he may deem appropriate, every designation of materials the accumulation of which is unlawful and any withdrawal of such designation. This section shall not be construed to limit the authority contained in section 101 of this Act.

SEC. 103. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

TITLE II—AUTHORITY TO REQUISITION

SEC. 201. (a) Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that all other means of obtaining the use of such property for the defense of the United States upon fair and reasonable terms have been exhausted, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall promptly determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall be paid promptly 75 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, without regard to whether the amount involved exceeds

$10,000, in any district court of the United States, within three years after the date of the President's award, an additional amount which, when added to the amount so paid to him, shall be just compensation.

(b) Whenever the President determines that any real property acquired under this title and retained is no longer needed for the defense of the United States, he shall, if the original owner desires the property and pays the fair value thereof, return such property to the owner. In the event the President and the original owner do not agree as to the fair value of the property, the fair value shall be determined by three appraisers, one of whom shall be chosen by the President, one by the original owner, and the third by the first two appraisers; the expenses of such determination shall be paid in equal shares by the Government and the original owner.

(c) Whenever the need for the national defense of any personal property requisitioned under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided*, That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. (a) In order to expedite production and deliveries or services under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement for the national defense as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be necessary to expedite production and deliveries or services under Government contracts for the procurement of materials or the performance of services for the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable

any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents under authority of or pursuant to this section shall be subject to the supervision of the President, and to such regulations as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 302. To expedite production and deliveries or services to aid in carrying out Government contracts for the procurement of materials or the performance of services for the national defense, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises (including research corporations not organized for profit) for the expansion of capacity, the development of technological processes, or the production of essential materials, including the exploration, development, and mining of strategic and critical metals and minerals. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or for resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: *Provided, however*, That purchases for resale under this subsection shall not include agricultural commodities except insofar as such commodities may be purchased for resale for industrial uses or stockpiling, and no agricultural commodity shall be sold for such purposes at less than the higher of the following: (i) the current market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress.

(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined, any materials procured under this section.

(d) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes, or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install Government-owned equipment in plants, factories, and other industrial facilities owned by private persons.

SEC. 304. (a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize such existing departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new agencies (other than corporations).

(b) Any agency created under this section, and any department, agency, official, or corporation utilized pursuant to this section is authorized, subject to the approval of the President, to borrow from the Treasury of the United States, such sums of money as may be necessary to carry out its functions under sections 302 and 303: *Provided*, That the total amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of $600,000,000 outstanding at any one time. For the purpose of borrowing as authorized by this subsection, the borrower may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at its option before maturity in such manner as may be stipulated in such obligations. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations. The Secretary of the Treasury is authorized and directed to purchase such obligations and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of obligations hereunder.

(c) In addition to the sums authorized to be borrowed under subsection (b), there is hereby authorized to be appropriated to carry out the purposes of sections 302 and 303, such sums, not in excess of $1,400,000,000, as may be necessary therefor.

TITLE IV—PRICE AND WAGE STABILIZATION

SEC. 401. It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: To prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of Congress that the authority conferred by this title shall be exercised in accordance with the policies set forth in section 2 of this Act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

SEC. 402. (a) In order to carry out the objectives of this title, the President may encourage and promote voluntary action by business, agriculture, labor and consumers. In proceeding under this subsection the President may exercise the authority to approve voluntary programs and agreements conferred on him under section 708, and may utilize the services of persons and agencies as provided in section 710.

(b) (1) To the extent that the objectives of this title cannot be attained by action under subsection (a), the President may issue regulations and orders establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service, and at the same time shall issue regulations and orders stabilizing wages, salaries, and other compensation in accordance with the provisions of this subsection.

(2) Action under this subsection may be taken either with respect to individual materials and services and to individual types of employment, or with respect to materials, services, and types of employment generally. A ceiling may be established with respect to an individual material or service only when the President finds that (i) the price of the material or service has risen or threatens to rise unreasonably above the price prevailing during the period from May 24, 1950 to June 24, 1950, (ii) such price increase will materially affect the cost of

living or the national defense, (iii) the imposition of such ceiling is necessary to effectuate the purposes of this Act, (iv) it is practicable and feasible to impose such ceiling, and (v) such ceiling will be generally fair and equitable to sellers and buyers of such material or service and to sellers and buyers of related or competitive materials and services.

(3) Whenever a ceiling has been imposed with respect to a particular material or service, the President shall stabilize wages, salaries, and other compensation in the industry or business producing the material or performing the service.

(4) Whenever ceilings on prices have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living, the President (i) shall impose ceilings on prices and services generally, and (ii) shall stabilize wages, salaries, and other compensation generally.

(5) In stabilizing wages under paragraph (3) of this subsection, the President shall issue regulations prohibiting increases in wages, salaries, and other compensation which he deems would require an increase in the price ceiling or impose hardships or inequities on sellers operating under the price ceiling.

(c) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. The President shall also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this Act. In determining and adjusting ceilings on prices with respect to materials and services, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or service, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or by persons performing the service, subsequent to June 24, 1950. In stabilizing and adjusting wages, salaries, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such wages, salaries, or other compensation. Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order. The President, in establishing and adjusting ceilings with respect to materials and services, and in stabilizing and adjusting wages, salaries, and other compensation, shall make such adjustments as he deems necessary to prevent or correct hardships or inequities.

(d) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except

as provided in this subsection; but the President shall make appropriate provision to prevent hardships and inequities to sellers who have bona fide contracts in effect on the date of issuance of any such regulation or order for future delivery of materials in which seasonal demands or normal business practices require contracts for future delivery.

(2) No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor Management Relations Act, 1947, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

(3) No ceiling shall be established or maintained for any agricultural commodity below the highest of the following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the highest price received by producers during the period from May 24, 1950, to June 24, 1950, inclusive, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (iii) in the case of any commodity for which the market was not active during the period May 24 to June 24, 1950, the average price received by producers during the most recent representative period prior to May 24, 1950, in which the market for such commodity was active as determined and adjusted by the Secretary of Agriculture to a level in line with the level of prices received by producers for agricultural commodities generally during the period May 24 to June 24, 1950, and adjusted by the Secretary for grade, location, and seasonal differentials, or (iv) in the case of fire-cured tobacco a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 75 per centum of the parity price of Burley tobacco of the corresponding crop, and in the case of dark air-cured tobacco and Virginia sun-cured tobacco, respectively, a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 66⅔ per centum of the parity price of Burley tobacco of the corresponding crop. No ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in this subsection: *Provided*, That in establishing and maintaining ceilings on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing. Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of produc-

tion, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural commodity; and in establishing the ceiling (1) for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this Act and for which different areas have different periods of marketing during such season or (2) for any agricultural commodity produced for the same general use as a commodity described in (1), the President shall give due consideration to affording equitable treatment to all producers of the commodity for which the ceiling is being established. Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act. Ceiling prices to producers for milk used for distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher: *Provided, however*, That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas.

(e) The authority conferred by this title shall not be exercised with respect to the following:

(i) Prices or rentals for real property;

(ii) Rates or fees charged for professional services;

(iii) Prices or rentals for (a) materials furnished for publication by any press association or feature service, or (b) books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities;

(iv) Rates charged by any person in the business of selling or underwriting insurance;

(v) Rates charged by any common carrier or other public utility: *Provided*, That no common carrier or other public utility shall at any time after the President shall have issued any stabilization regulations and orders under subsection (b) make any increase in its charges for property or services sold by it for resale to the public, for which application is filed after the date of issuance of such stabilization regulations and orders, before the Federal, State or Municipal authority having jurisdiction to consider such increase, unless it first gives

30 days' notice to the President, or such agency as he may designate, and consents to the timely intervention by such agency before the Federal, State or Municipal authority having jurisdiction to consider such increase;

(vi) Margin requirements on any commodity exchange.

(f) The President, in or by any regulation or order, may provide exemptions for any materials or services, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials or services, or transactions therein, or that compensation for such types of employment be stabilized, in order to effectuate the purposes of this title.

(g) The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, or requirement under this title.

(h) Nothing in this title shall be construed (1) as authorizing the elimination or any restriction of the use of trade and brand names; (2) as authorizing the President to require the grade labeling of any materials; (3) as authorizing the President to standardize any materials or services, unless the President shall determine, with respect to such standardization, that no practicable alternative exists for securing effective price control with respect to such materials or services; or (4) as authorizing any order of the President establishing price ceilings for different kinds, classes, or types of material or service, which are described in terms of specifications or standards, unless such specifications or standards were, prior to such order, in general use in the trade or industry affected, or have previously been promulgated and their use lawfully required by another Government agency.

(i) No rule, regulation, or order issued under this title shall require any seller of materials at retail to limit his sales with reference to any highest price line offered for sale by him at any prior time.

SEC. 403. At such time as the President determines that it is necessary to impose price and wage controls generally over a substantial portion of the national economy, he shall administer such controls, and rationing at the retail level of consumer goods for household and personal use under authority of Title I of this Act (when and to the extent that he exercises such authority), through a new independent agency created for such purpose. Such agency may utilize the services, information, and facilities of other agencies and departments of the Government, but such agency shall not delegate enforcement of any of the controls to be administered by it under this section to any other agency or department.

SEC. 404. In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

SEC. 405. (a) It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued

thereunder, or to offer, solicit, attempt or agree to do any of the foregoing.

(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

SEC. 406. Nothing in this title shall be construed to require any person to sell any material or service, or to perform personal services.

SEC. 407. (a) At any time within six months after the effective date of any regulation or order relating to price controls under this title, or, in the case of new grounds arising after the effective date of any such regulation or order relating to price controls, within six months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than thirty days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.

(b) In the administration of this title the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of this Act.

(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: *Provided, however*, That upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall be accorded an opportunity to present rebuttal evidence in writing

and oral argument before the board and the board shall make written recommendations to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

SEC. 408. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided*, That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by the President, any such evidence shall be presented directly to the court.

(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed

until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation or order relating to price controls issued under this title. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title.

(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order relating to price controls issued under this title, and of any provision of any such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order relating to price controls, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

(e) (1) Within thirty days after arraignment, or such additional time as the court may allow for good cause shown, in any criminal proceeding, and within five days after judgment in any civil or criminal proceeding, brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code, involving alleged violation of any provision of any regulation or order relating to price controls issued under this title, the defendant may apply to the court in which the proceeding is pending for leave to file in the Emergency Court of Appeals a complaint against the President setting forth objections to the validity of any provision which the defendant is alleged to have violated or conspired to violate. The court in which the proceeding is pending shall grant such leave with respect to any objection which it finds is made in good faith and with respect to which it finds there is reasonable and substantial excuse for the defendant's failure to present such objection in a protest filed in accordance with section 407 of this title. Upon the filing of a complaint pursuant to and within thirty days from the granting of such leave, the Emergency Court of Appeals shall have jurisdiction to enjoin or set aside in whole or in part the provision of the regulation or order complained of or to

dismiss the complaint. The court may authorize the introduction of evidence, either to the President or directly to the court, in accordance with subsection (a) of this section. The provisions of subsections (b), (c), and (d) of this section shall be applicable with respect to any proceeding instituted in accordance with this subsection.

(2) In any proceeding brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code, involving an alleged violation of any provision of any such regulation or order, the court shall stay the proceeding—

(i) during the period within which a complaint may be filed in the Emergency Court of Appeals pursuant to leave granted under paragraph (1) of this subsection with respect to such provision;

(ii) during the pendency of any protest properly filed by the defendant under section 407 of this title prior to the institution of the proceeding under section 409 or 706 of this Act or section 371 of title 18, United States Code, setting forth objections to the validity of such provision which the court finds to have been made in good faith; and

(iii) during the pendency of any judicial proceeding instituted by the defendant under this section with respect to such protest or instituted by the defendant under paragraph (1) of this subsection with respect to such provision, and until the expiration of the time allowed in this section for the taking of further proceedings with respect thereto.

Notwithstanding the provisions of this paragraph, stays shall be granted thereunder in civil proceedings only after judgment and upon application made within five days after judgment. Notwithstanding the provisions of this paragraph, in the case of a proceeding under section 409 (a) or 706 (a) of this Act the court granting a stay under this paragraph shall issue a temporary injunction or restraining order enjoining or restraining, during the period of the stay, violations by the defendant of any provision of the regulation or order involved in the proceeding. If any provision of a regulation or order is determined to be invalid by judgment of the Emergency Court of Appeals which has become effective in accordance with section 408 (b) of this title, any proceeding pending in any court shall be dismissed, and any judgment in such proceeding vacated, to the extent that such proceeding or judgment is based upon violation of such provision. Except as provided in this subsection, the pendency of any protest under section 407 of this title, or judicial proceeding under this section, shall not be grounds for staying any proceeding brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code; nor, except as provided in this subsection, shall any retroactive effect be given to any judgment setting aside a provision of a regulation or order issued under this title.

SEC. 409. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts

or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 405 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than one year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material or service for use or consumption other than in the course of trade or business may, within one year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus $10,000, or (2) an amount not less than $25 nor more than $50 as the court in its discretion may determine: *Provided, however*, That such amount shall be the amount of the overcharge or overcharges if the defendant proves that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such one-year period, or compromise with the seller the liability which might be assessed against the seller in such an action. If such action is instituted, or such liability is compromised by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages, or a compromise, under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered, or prior to such compromise. The President may not institute any action under this subsection on behalf of the United States—

(1) if the violation arose because the person selling the material or service acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

(2) if the violation arose out of the sale of any material or service to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

SEC. 410. Each contract providing for the purchase of processed chickens or turkeys by any department or agency of the United States from any contractor, entered into at any time when ceiling prices are in effect under this Act for whichever of such fowl is covered by such contract, shall contain the following provision (with such change as may be necessary to describe the fowl covered by the contract):

"The contractor represents that the contract price is based upon an estimated price paid to the producers for live chickens or live turkeys to be processed hereunder. In the event and to the extent that the actual price paid to the producers of live chickens or live turkeys purchased for the performance of this contract is less than such estimated price, the contract price shall be reduced by the same number of cents or fraction thereof, per pound."

TITLE V

SETTLEMENT OF LABOR DISPUTES

SEC. 501. It is the intent of Congress, in order to provide for effective price and wage stabilization pursuant to title IV of this Act and to maintain uninterrupted production, that there be effective procedures for the settlement of labor disputes affecting national defense.

SEC. 502. The national policy shall be to place primary reliance upon the parties to any labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement in the national interest. To this end, the President is authorized (1) to initiate voluntary conferences between management, labor, and such persons as the President may designate to represent government and the public, and (2) subject to the provisions of section 503, to take such action as may be agreed upon in any such conference and appropriate to carry out the provisions of this title. The President may designate such persons or agencies as he may deem appropriate to carry out the provisions of this title.

SEC. 503. In any such conference, due regard shall be given to terms and conditions of employment established by prevailing collective bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this Act. No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, or with other applicable laws shall be taken under this title.

TITLE VI—CONTROL OF CONSUMER AND REAL ESTATE CREDIT

THIS TITLE AUTHORIZES THE REGULATION OF CONSUMER CREDIT AND REAL ESTATE CONSTRUCTION CREDIT ONLY

SEC. 601. To assist in carrying out the objectives of this Act, the Board of Governors of the Federal Reserve System is authorized,

notwithstanding the provisions of Public Law 386, Eightieth Congress (61 Stat. 921), to exercise consumer credit controls in accordance with and to carry out the provisions of Executive Order Numbered 8843 (August 9, 1941) until such time as the President determines that the exercise of such controls is no longer necessary, but in no event beyond the date on which this section terminates.

SEC. 602. (a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of real estate construction credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form, and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this section or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider, among other factors, (1) the level and trend of real estate construction credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, (3) the need in the national economy for the maintenance of sound credit conditions, and (4) the needs for increased defense production.

(b) No person shall extend or maintain any real estate construction credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any such credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any such credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any such credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this section; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) To assist in carrying out the purposes of this section, the President by regulation may require transactions or persons or classes thereof subject to this section to be registered; and, after notice and

opportunity for hearing, the President by order may suspend any such registration for violation of this section or any regulation prescribed by the President pursuant to this section. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this section, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(d) For the purposes of this section, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, accounting, and other terms, insofar as any such definitions are not inconsistent with the provisions of this section:

(1) "Real estate construction credit" means any credit which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, new construction on real property or real property on which there is new construction. As used in this paragraph the term "new construction" means any structure, or any major addition or major improvement to a structure, which has not been begun before 12 o'clock meridian, August 3, 1950. As used in this paragraph the term "real property" includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term "real estate construction credit" shall not include any loan or loans made, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended.

(2) "Credit" means any loan, mortgage, deed of trust, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

SEC. 603. Any person who willfully violates any provision of section 601 or 602 or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.

SEC. 604. All the present provisions of sections 21 and 27 of the

Securities Exchange Act of 1934, as amended (relating to investigations, injunctions, jurisdictions, and other matters), shall be as fully applicable with respect to the exercise by the Board of Governors of the Federal Reserve System of credit controls under section 601 as they are now applicable with respect to the exercise by the Securities and Exchange Commission of its functions under that Act, and the Board shall have the same powers in the exercise of such credit controls as the Commission now has under the said sections 21 and 27.

SEC. 605. To assist in carrying out the objectives of this Act the President may at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States Government, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall preserve the relative credit preferences accorded to veterans under existing law.

TITLE VII—GENERAL PROVISIONS

SEC. 701. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this Act, and in their formation there shall be fair representation for independent small, for medium, and for large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

(c) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such

a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950 and having due regard to the needs of new businesses.

SEC. 702. As used in this Act—

(a) The word "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

(c) The word "facilities" shall not include farms, churches or other places of worship, or private dwelling houses.

(d) The term "national defense" means the operations and activities of the armed forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.

(e) The words "wages, salaries, and other compensation" shall include all forms of remuneration to employees by their employers for personal services, including, but not limited to, vacation and holiday payments, night shift and other bonuses, incentive payments, year-end bonuses, employer contributions to or payments of insurance or welfare benefits, employer contributions to a pension fund or annuity, payments in kind, and premium overtime payments.

SEC. 703. (a) Except as otherwise specifically provided, the President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Government, including any new agency or agencies (and the President is hereby authorized to create such new agencies, other than corporate agencies, as he deems necessary), and he may authorize such redelegations by that officer or agency as the President may deem appropriate. The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government. Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act.

(b) The head and assistant heads of any independent agency created to administer the authority conferred by title IV of this Act shall be appointed by the President, by and with the advice and consent of the Senate.

SEC. 704. The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper to effectuate the purposes of this Act, or to prevent circumvention or evasion, or to facilitate enforcement of this Act, or any rule, regulation, or order issued under this Act.

SEC. 705. (a) The President shall be entitled, while this Act is in effect and for a period of two years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority, and it is assured that no adequate and authoritative data are available from any Federal or other responsible agency. In case of contumacy by, or refusal to obey a subpena served upon, any person referred to in this subsection, the district court of the United States for any district in which such person is found or resides or transacts business, upon application by the President, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided*, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true

copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Any person who willfully performs any act prohibited or willfully fails to perform any act required by the above provisions of this section, or any rule, regulation, or order thereunder, shall upon conviction be fined not more than $1,000 or imprisoned for not more than one year or both.

(e) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000, or imprisoned for not more than one year, or both.

SEC. 706. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or thereafter commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act. All litigation arising under this Act or the regulations promulgated thereunder shall be under the supervision and control of the Attorney General.

SEC. 707. No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his

compliance with a rule, regulation, or order issued pursuant to this Act, notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 708. (a) The President is authorized to consult with representatives of industry, business, financing, agriculture, labor, and other interests, with a view to encouraging the making by such persons with the approval by the President of voluntary agreements and programs to further the objectives of this Act.

(b) No act or omission to act pursuant to this Act which occurs while this Act is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) shall be delegated only (1) to officials who shall for the purpose of such delegation be required to be appointed by the President by and with the advice and consent of the Senate, unless otherwise required to be so appointed, and (2) upon the condition that such officials consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such officials obtain the approval of the Attorney General to any request thereunder before making the request. For the purpose of carrying out the objectives of title I of this Act, the authority granted in subsection (b) of this section shall not be delegated except to a single official of the Government.

(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

(e) The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President within ninety days after the approval of this Act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

SEC. 709. The functions exercised under this Act shall be excluded

from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof. Any rule, regulation, or order, or amendment thereto, issued under authority of this Act shall be accompanied by a statement that in the formulation thereof there has been consultation with industry representatives, including trade association representatives, and that consideration has been given to their recommendations, or that special circumstances have rendered such consultation impracticable or contrary to the interest of the national defense, but no such rule, regulation, or order shall be invalid by reason of any subsequent finding by judicial or other authority that such a statement is inaccurate.

Sec. 710. (a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons temporarily in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

(c) The President is authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act to employ experts and consultants or organizations thereof, as authorized by section 55a of title 5 of the United States Code. Individuals so employed may be compensated at rates not in excess of $50 per diem and while away from their homes or regular places of business they may be allowed transportation and not to exceed $15 per diem in lieu of subsistence and other expenses while so employed. The President is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

(d) The President may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed; and he is authorized to provide by regulation for the exemption of persons whose services are utilized under this subsection from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

(e) Whoever, being an officer or employee of the United States or any department or agency thereof (including any Member of the Senate or House of Representatives), receives, by virtue of his office or employment, confidential information, and (1) uses such information in speculating directly or indirectly on any commodity exchange, or (2) discloses such information for the purpose of aiding any other

person so to speculate, shall be fined not more than $10,000 or imprisoned not more than one year, or both. As used in this section, the term "speculate" shall not include a legitimate hedging transaction, or a purchase or sale which is accompanied by actual delivery of the commodity.

SEC. 711. There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

SEC. 712. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Defense Production (hereinafter referred to as the committee), to be composed of ten members as follows:

(1) Five members who are members of the Committee on Banking and Currency of the Senate, three from the majority and two from the minority party, to be appointed by the chairman of the committee; and

(2) Five members who are members of the Committee on Banking and Currency of the House of Representatives, three from the majority and two from the minority party, to be appointed by the chairman of the committee.

A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman and a vice chairman from among its members, one of whom shall be a member of the Senate and the other a member of the House of Representatives.

(b) It shall be the function of the committee to make a continuous study of the programs authorized by this Act, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the standing committees of the Congress having legislative jurisdiction over any part of the programs authorized by this Act; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. Any department, official, or agency administering any of such programs shall, at the request of the committee, consult with the committee, from time to time, with respect to their activities under this Act.

(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpena (to be issued under the signature of the chairman or vice chairman of the committee) or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any

subpena or to testify when summoned under authority of this subsection.

(d) The committee is authorized to appoint and, without regard to the Classification Act of 1949, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

(e) The expenses of the committee under this section, which shall not exceed $50,000 in any fiscal year, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman or vice chairman. Disbursements to pay such expenses shall be made by the Clerk of the House of Representatives out of the contingent fund of the House of Representatives, such contingent fund to be reimbursed from the contingent fund of the Senate in the amount of one-half of disbursements so made without regard to any other provision of law.

SEC. 713. The provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

SEC. 714. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the remainder of the Act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 715. That no person may be employed under this Act who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation or fund contained in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 716. (a) Titles I, II, III, and VII of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1952, but such titles shall be effective after June 30, 1951 only to the extent

necessary to aid in carrying out contracts relating to the national defense entered into by the Government prior to July 1, 1951.

(b) Titles IV, V, and VI of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1951.

(c) Notwithstanding the foregoing—

(1) The Congress by concurrent resolution or the President by proclamation may terminate this Act prior to the termination otherwise provided therefor.

(2) The Congress may also provide by concurrent resolution that any section of this Act and all authority conferred thereunder shall terminate prior to the termination otherwise provided therefor.

(3) Any agency created under this Act may be continued in existence for purposes of liquidation for not to exceed six months after the termination of the provision authorizing the creation of such agency.

(d) The termination of any section of this Act, or of any agency or corporation utilized under this Act, shall not affect the disbursement of funds under, or the carrying out of, any contract, guarantee, commitment or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act.

Approved September 8, 1950.

THE DEFENSE PRODUCTION ACT

OF 1950

AS AMENDED BY THE

DEFENSE PRODUCTION ACT AMENDMENTS

OF 1951 AND 1952

UNITED STATES OF AMERICA
OFFICE OF PRICE STABILIZATION
WASHINGTON, D. C.

EXPLANATORY NOTE

Throughout this collation roman type is used to indicate text which has not been changed since original passage and issuance of the 1950 Act. The 1951 Amendments appear in *italics*. Material which has been deleted by amendment is retained in the text, but is included in bold brackets **[ ]**. The 1952 Amendments appear in ***bold italics***. Footnote references appear for each amendment. All amendatory sections cited in the footnotes are contained in the Defense Production Act Amendments of 1951 or the Defense Production Act Amendments of 1952. An alphabetical index is provided at the end of the text material.

PREPARED BY THE
OFFICE OF THE CHIEF COUNSEL
OFFICE OF PRICE STABILIZATION

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"And condemn" added by sec. 107, 1951 Amendments.
*Deleted by sec 116 (a), 1952 Amendments.

THE DEFENSE PRODUCTION ACT OF 1950,[1] AS AMENDED BY THE DEFENSE PRODUCTION ACT AMENDMENTS OF 1951 [2] AND THE DEFENSE PRODUCTION ACT AMENDMENTS OF 1952 [3]

AN ACT

To establish a system of priorities and allocations for materials and facilities, authorize the requisitioning thereof, provide financial assistance for expansion of productive capacity and supply, provide for price and wage stabilization, provide for the settlement of labor disputes, strengthen controls over credit, and by these measures facilitate the production of goods and services necessary for the national security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, divided into titles, may be cited as "the Defense Production Act of 1950".

SEC. 2. DECLARATION OF POLICY

It is the policy of the United States to oppose acts of aggression and to promote peace by insuring respect for world law and the peaceful settlement of differences among nations. To that end this Government is pledged to support collective action through the United Nations and through regional arrangements for mutual defense in conformity with the Charter of the United Nations. The United States is determined to develop and maintain whatever military and economic strength is found to be necessary to carry out this purpose. Under present circumstances, this task requires diversion of certain materials and facilities from civilian use to military and related purposes. It requires expansion of productive facilities beyond the levels needed to meet the civilian demand. In order that this diversion and expansion may proceed at once, and that the national economy may be maintained with the maximum effectiveness and the least hardship, normal civilian production and purchases must be curtailed and redirected.

It is the objective of this Act to provide the President with authority to accomplish these adjustments in the operation of the economy.

[1] Pub. Law 774, 81st Cong.; Sept. 8, 1950, c. 932, 64 Stat. 798; 50 U. S. C. App. 2061–2166.
[2] Pub. Law 96, 82d Cong.; July 31, 1951, c. 275, 65 Stat. 134; 50 U. S. C. App. 2061–2166.
[3] Pub. Law 429, 82d Cong.; June 30, 1952, c. 530, 66 Stat. 296; 50 U. S. C. App. 2061–2166.

It is the intention of the Congress that the President shall use the powers conferred by this Act to promote the national defense, by meeting, promptly and effectively, the requirements of military programs in support of our national security and foreign policy objectives, and by preventing undue strains and dislocations upon wages, prices, and production or distribution of materials for civilian use, within the framework, as far as practicable, of the American system of competitive enterprise.

TITLE I—PRIORITIES AND ALLOCATIONS

SEC. 101. PRIORITIES AND ALLOCATIONS

(*a*)[4] The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense. *No restriction, quota, or other limitation shall be placed upon the quantity of livestock which may be slaughtered or handled by any processor.*[5] ***Nor shall any restriction or other limitation be established or maintained upon the species, type, or grade of livestock killed by any slaughterer, nor upon the types of slaughtering operations, including religious rituals, employed by any slaughterer; nor shall any requirements or regulations be established or maintained relating to the allocation or distribution of meat or meat products unless, and for the period for which, the Secretary of Agriculture shall have determined and certified to the President that the over-all supply of meat and meat products is inadequate to meet the civilian or military needs therefor: Provided, That nothing in this Act shall be construed to prohibit the President from requiring the grading and grade marking of meat and meat products.***[6]

(b) When all requirements for the national security, for the stockpiling of critical and strategic materials, and for military assistance to any foreign nation authorized by any Act of Con-

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[4] Designated sec. 101 (a) by sec. 102, 1952 Amendments.
[5] Added by sec. 101 (a), 1951 Amendments.
[6] Added by sec. 101, 1952 Amendments.

gress have been met through allocations and priorities it shall be the policy of the United States to encourage the maximum supply of raw materials for the civilian economy, including small business, thus increasing employment opportunities and minimizing inflationary pressures. No agreement shall be entered into by the United States limiting total United States consumption of any material unless such agreement authorizes domestic users in the United States to purchase the quantity of such material allocated to other countries participating in the International Materials Conference and not used by any such participating country. Nothing contained in this Act shall impair the authority of the President under this Act to exercise allocation and priorities controls over materials (both domestically produced and imported) and facilities through the controlled materials plan or other methods of allocation.[7]

SEC. 102. HOARDING AND ACCUMULATING

In order to prevent hoarding, no person shall accumulate (1) in excess of the reasonable demands of business, personal, or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices, materials which have been designated by the President as scarce materials or materials the supply of which would be threatened by such accumulation. The President shall order published in the Federal Register, and in such other manner as he may deem appropriate, every designation of materials the accumulation of which is unlawful and any withdrawal of such designation. [This section shall not be construed to limit the authority contained in section 101 of this Act.] *In making such designations the President may prescribe such conditions with respect to the accumulation of materials in excess of the reasonable demands of business, personal, or home consumption as he deems necessary to carry out the objectives of this Act. This section shall not be construed to limit the authority contained in sections 101 and 704 of this Act.*[8]

SEC. 103. WILLFUL VIOLATION

Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

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[7] Added by sec. 102, 1952 Amendments.
[8] Changed by sec. 101 (b), 1951 Amendments.

SEC. 104. IMPORT CONTROLS

[*Import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and no imports of any such commodity or product shall be admitted to the United States until after June 30, 1952, which the Secretary of Agriculture determines would (a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program. The President shall exercise the authority and powers conferred by this section.*]

Import controls of fats and oils (including oil-bearing materials, fatty acids, and soap and soap powder, but excluding petroleum and petroleum products and coconuts and coconut products), peanuts, butter, cheese and other dairy products, and rice and rice products are necessary for the protection of the essential security interests and economy of the United States in the existing emergency in international relations, and imports into the United States of any such commodity or product, by types or varieties, shall be limited to such quantities as the Secretary of Agriculture finds would not (a) impair or reduce the domestic production of any such commodity or product below present production levels, or below such higher levels as the Secretary of Agriculture may deem necessary in view of domestic and international conditions, or (b) interfere with the orderly domestic storing and marketing of any such commodity or product, or (c) result in any unnecessary burden or expenditures under any Government price support program: Provided, however, That the Secretary of Agriculture after establishing import limitations, may permit additional imports of each type and variety of the commodities specified in the section, not to exceed 15 per centum of the import limitation with respect to each type and variety which he may deem necessary, taking into consideration the broad effects upon international relationships and trade. The Presi-

dent shall exercise the authority and powers conferred by this section.[9]

TITLE II—AUTHORITY TO REQUISITION *AND CONDEMN* [10]

SEC. 201. REQUISITIONING, CONDEMNING AND RETURNING PROPERTY

(a) Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that all other means of obtaining the use of such property for the defense of the United States upon fair and reasonable terms have been exhausted, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall promptly determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the fifth amendment to the Constitution of the United States. If the person entitled to receive the amount so determined by the President as just compensation is unwilling to accept the same as full and complete compensation for such property or the use thereof, he shall be paid promptly 75 per centum of such amount and shall be entitled to recover from the United States, in an action brought in the Court of Claims or, without regard to whether the amount involved exceeds $10,000, in any district court of the United States, within three years after the date of the President's award, an additional amount which when added to the amount so paid to him, shall be just compensation. *No real property (other than equipment and facilities, and buildings and other structures, to be demolished and use as scrap or second-hand materials) shall be acquired under this subsection.*[11]

(b) Whenever the President deems it necessary in the interest of national defense, he may acquire by purchase, donation, or other means of transfer, or may cause proceedings to be instituted in any court

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[9] Sec. added by sec. 101 (c), 1951 Amendments; revised by sec. 103, 1952 Amendments.
[10] "And Condemn" added by sec. 102 (a), 1951 Amendments.
[11] Added by sec. 102 (b) (1), 1951 Amendments.

having jurisdiction of such proceedings to acquire by condemnation, any real property, including facilities, temporary use thereof, or other interest therein, together with any personal property located thereon or used therewith, that he deems necessary for the national defense, such proceedings to be in accordance with the Act of August 1, 1888 (25 Stat. 357), as amended, or any other applicable Federal statute. Before condemnation proceedings are instituted pursuant to this section, an effort shall be made to acquire the property involved by negotiation unless, because of reasonable doubt as to the identity of the owner or owners, because of the large number of persons with whom it would be necessary to negotiate, or for other reasons, the effort to acquire by negotiation would involve, in the judgment of the President, such delay in acquiring the property as to be contrary to the interest of national defense. In any condemnation proceeding instituted pursuant to this section, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421), providing for such declarations. Unless title is in dispute, the court, upon application, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding. Property acquired under this section may be occupied, used, and improved for the purposes of this section prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended.[12]

(*c*)[13] Whenever the President determines that any real property acquired under this title and retained is no longer needed for the defense of the United States, he shall, if the original owner desires the property and pays the fair value thereof, return such property to the owner. In the event the President and the original owner do not agree as to the fair value of the property, the fair value shall be determined by three appraisers, one of whom shall be chosen by the President, one by the original owner, and the third by the first two appraisers; the expenses of such determination shall be paid in equal shares by the Government and the original owner.

(*d*)[14] Whenever the need for the national defense of any personal property [requisitioned] *acquired*[15] under this title shall terminate, the President may dispose of such property on such terms and conditions as he shall deem appropriate, but to the extent feasible and

[12] New subsection (b) added by sec. 102 (b) (2), 1951 Amendments.
[13] Formerly (b), redesignated (c) by sec. 102 (b) (4), 1951 Amendments.
[14] Formerly (c), redesignated (d) by sec. 102 (b) (4), 1951 Amendments.
[15] Changed by sec. 102 (b) (3), 1951 Amendments.

practicable he shall give the former owner of any property so disposed of an opportunity to reacquire it (1) at its then fair value as determined by the President, or (2) if it is to be disposed of (otherwise than at a public sale of which he is given reasonable notice) at less than such value, at the highest price any other person is willing to pay therefor: *Provided*, That this opportunity to reacquire need not be given in the case of fungibles or items having a fair value of less than $1,000.

TITLE III—EXPANSION OF PRODUCTIVE CAPACITY AND SUPPLY

SEC. 301. FINANCING THE EXPANSION

(a) In order to expedite production and deliveries or services under Government contracts, the President may authorize, subject to such regulations as he may prescribe, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, and such other agencies of the United States engaged in procurement for the national defense as he may designate (hereinafter referred to as "guaranteeing agencies"), without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be necessary to expedite production and deliveries or services under Government contracts for the procurement of materials or the performance of services for the national defense.

(b) Any Federal agency or any Federal Reserve bank, when designated by the President, is hereby authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of this section. All such funds as may be necessary to enable any such fiscal agent to carry out any guarantee made by it on behalf of any guaranteeing agency shall be supplied and disbursed by or under authority from such guaranteeing agency. No such fiscal agent shall have any responsibility or accountability except as agent in

taking any action pursuant to or under authority of the provisions of this section. Each such fiscal agent shall be reimbursed by each guaranteeing agency for all expenses and losses incurred by such fiscal agent in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

(c) All actions and operations of such fiscal agents under authority of or pursuant to this section shall be subject to the supervision of the President, and to such regulations as he may prescribe; and the President is authorized to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments guaranteed by the guaranteeing agencies through such fiscal agents, and to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

(d) Each guaranteeing agency is hereby authorized to use for the purposes of this section any funds which have heretofore been appropriated or allocated or which hereafter may be appropriated or allocated to it, or which are or may become available to it, for such purposes or for the purpose of meeting the necessities of the national defense.

SEC. 302. LOANS TO PRIVATE ENTERPRISE

To expedite production and deliveries or services to aid in carrying out Government contracts for the procurement of materials or the performance of services for the national defense, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises (including research corporations not organized for profit) for the expansion of capacity, the development of technological processes, or the production of essential materials, including the exploration, development, and mining of strategic and critical metals and minerals, ***and manufacture of newsprint.***[16] Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended only to the extent that it is not otherwise available on reasonable terms.

SEC. 303. PURCHASES AND COMMITMENTS TO PURCHASE

[SEC. 303.[17] (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other raw materials, in-

[16] Added by sec. 104, 1952 Amendments.

[17] Sec. 303 entirely revised by sec. 103 (a), 1951 Amendments.

cluding liquid fuels, for Government use or for resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: *Provided, however*, That purchases for resale under this subsection shall not include agricultural commodities except insofar as such commodities may be purchased for resale for industrial uses or stockpiling, and no agricultural commodity shall be sold for such purposes at less than the higher of the following: (i) the current market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress.

(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, as the President deems necessary, except that purchases or commitments to purchase involving higher than currently prevailing market prices or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) The procurement power granted to the President by this section shall include the power to transport and store, and have processed and refined, any materials procured under this section.

(d) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities, processes, or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install Government-owned equipment in plants, factories, and other industrial facilities owned by private persons.]

(a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other materials, for Government use or resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: Provided, however, That purchases for resale under this subsection shall not include that part of the supply of an agricultural commodity which is domestically produced except insofar as such domestically produced supply may be purchased for resale for industrial uses or stockpiling, and no commodity purchased under this subsection shall be sold at less than the established ceiling price for such commodity (except that minerals and metals shall not be sold at less than the established

ceiling price, or the current domestic market price, whichever is lower), or, if no ceiling price has been established, the higher of the following: (i) the current domestic market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress: Provided further, however, That no purchase or commitment to purchase any imported agricultural commodity shall be made calling for delivery more than one year after the expiration of this Act.

(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, but not extending beyond June 30, 1962, as the President deems necessary, except that purchases or commitments to purchase involving higher than established ceiling prices (or if there be no established ceiling prices, currently prevailing market prices) or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

(c) If the President finds—

(1) that under generally fair and equitable ceiling prices for any raw or nonprocessed material, there will result a decrease in supplies from high-cost sources of such material, and that the continuation of such supplies is necessary to carry out the objectives of the Act; or

(2) that an increase in cost of transportation is temporary in character and threatens to impair maximum production or supply in any area at stable prices of any materials,

he may make provision for subsidy payments on any such domestically produced material other than an agricultural commodity in such amounts and in such manner (including purchases of such material and its resale at a loss without regard to the limitations of existing law), and on such terms and conditions, as he determines to be necessary to insure that supplies from such high-cost sources are continued, or that maximum production or supply in such area at stable prices of such materials is maintained, as the case may be.

(d) The procurement power granted to the President by this section shall include the power to transport and store and have processed and refined, any materials procured under this section.

(e) When in his judgment it will aid the national defense, the President is authorized to install additional equipment, facilities,

processes or improvements to plants, factories, and other industrial facilities owned by the United States Government, and to install government-owned equipment in plants, factories, and other industrial facilities owned by private persons.

SEC. 304. NEW AGENCIES; AUTHORITY TO BORROW

(a) For the purposes of sections 302 and 303, the President is hereby authorized to utilize such existing departments, agencies, officials, or corporations of the Government as he may deem appropriate, or to create new agencies (other than corporations).

(b) Any agency created under this section, and any department, agency, official, or corporation utilized pursuant to this section is authorized, subject to the approval of the President, to borrow from the Treasury of the United States, such sums of money as may be necessary to carry out its functions under sections 302 and 303: [*Provided*, That the total amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of $600,000,000 outstanding at any one time.] *Provided, That the amount borrowed under the provisions of this section by all such borrowers shall not exceed an aggregate of $2,100,000,000 outstanding at any one time: Provided further, That when any contract, agreement, loan, or other transaction heretofore or hereafter entered into pursuant to section 302 or 303 imposes contingent liability upon the United States, such liability shall be considered for the purposes of sections 3679 and 3732 of the Revised Statutes, as amended, as an obligation only to the extent of the probable ultimate net cost to the United States under such transaction; and the President shall submit a report to the Congress not less often than once each quarter setting forth the gross amount of each such transaction entered into by any agency of the United States Government under this authority and the basis for determining the probable ultimate net cost to the United States thereunder.*[18] For the purpose of borrowing as authorized by this subsection, the borrower may issue to the Secretary of the Treasury its notes, debentures, bonds, or other obligations to be redeemable at its option before maturity in such manner as may be stipulated in such obligations. Such obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations. The Secretary of the Treasury is authorized and directed to purchase such obligations and for such pur-

[18] Changed by sec. 103 (b), 1951 Amendments.

pose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of obligations hereunder.

[(c) In addition to the sums authorized to be borrowed under subsection (b), there is hereby authorized to be appropriated to carry out the purposes of sections 302 and 303, such sums, not in excess of $1,400,000,000, as may be necessary therefor.] [19]

TITLE IV—PRICE AND WAGE STABILIZATION

SEC. 401. CONGRESSIONAL INTENT

It is the intent of Congress to provide authority necessary to achieve the following purposes in order to promote the national defense: To prevent inflation and preserve the value of the national currency; to assure that defense appropriations are not dissipated by excessive costs and prices; to stabilize the cost of living for workers and other consumers and the costs of production for farmers and businessmen; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities; to protect consumers, wage earners, investors, and persons with relatively fixed or limited incomes from undue impairment of their living standards; to prevent economic disturbances, labor disputes, interferences with the effective mobilization of national resources, and impairment of national unity and morale; to assist in maintaining a reasonable balance between purchasing power and the supply of consumer goods and services; to protect the national economy against future loss of needed purchasing power by the present dissipation of individual savings; and to prevent a future collapse of values. It is the intent of Congress that the authority conferred by this title shall be exercised in accordance with the policies set forth in section 2 of this Act, and in particular with full consideration and emphasis, so far as practicable, on the maintenance and furtherance of the American system of competitive enterprise, including independent small-business enterprises, the maintenance and furtherance of a sound agricultural industry, the maintenance and furtherance of sound working relations, including collective bargaining, and the maintenance and furtherance of the American way of life. Whenever the authority granted by this title is exercised, all agencies of the Government dealing with the subject

[19] Deleted by sec. 103 (c), 1951 Amendments.

matter of this title, within the limits of their authority and jurisdiction, shall cooperate in carrying out these purposes.

SEC. 402. AUTHORITY TO REGULATE PRICES AND WAGES; EXEMPTIONS; STANDARDS

(a) In order to carry out the objectives of this title, the President may encourage and promote voluntary action by business, agriculture, labor and consumers. In proceeding under this subsection the President may exercise the authority to approve voluntary programs and agreements conferred on him under section 708, and may utilize the services of persons and agencies as provided in section 710.

(b) (1) To the extent that the objectives of this title cannot be attained by action under subsection (a), the President may issue regulations and orders establishing a ceiling or ceilings on the price, rental, commission, margin, rate, fee, charge, or allowance paid or received on the sale or delivery, or the purchase or receipt, by or to any person, of any material or service, and at the same time shall issue regulations and orders stabilizing wages, salaries, and other compensation in accordance with the provisions of this subsection.

(2) Action under this subsection may be taken either with respect to individual materials and services and to individual types of employment, or with respect to materials, services, and types of employment generally. A ceiling may be established with respect to an individual material or service only when the President finds that (i) the price of the material or service has risen or threatens to rise unreasonably above the price prevailing during the period from May 24, 1950 to June 24, 1950, (ii) such price increase will materially affect the cost of living or the national defense, (iii) the imposition of such ceiling is necessary to effectuate the purposes of this Act, (iv) it is practicable and feasible to impose such ceiling, and (v) such ceiling will be generally fair and equitable to sellers and buyers of such material or service and to sellers and buyers of related or competitive materials and services.

(3) Whenever a ceiling has been imposed with respect to a particular material or service, the President shall stabilize wages, salaries, and other compensation in the industry or business producing the material or performing the service.

(4) Whenever ceilings on prices have been established on materials and services comprising a substantial part of all sales at retail and materially affecting the cost of living, the President (i) shall impose ceilings on prices and services generally, and (ii) shall stabilize wages, salaries, and other compensation generally.

(5) In stabilizing wages under paragraph (3) of this subsection, the President shall issue regulations prohibiting increases in wages,

salaries, and other compensation which he deems would require an increase in the price ceiling or impose hardships or inequities on sellers operating under the price ceiling.

(c) So far as practicable, in exercising the authority conferred in this section, the President shall ascertain and give due consideration to comparable prices, rentals, commissions, margins, rates, fees, charges, and allowances, and to comparable salaries, wages, or other compensation, which he finds to be representative of those prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, or, in case none prevailed during this period or if those prevailing during this period were not generally representative because of abnormal or seasonal market conditions or other cause, then those prevailing on the nearest date on which, in the judgment of the President, they are generally representative. The President shall also give due consideration to the national effort to achieve maximum production in furtherance of the objectives of this Act. In determining and adjusting ceilings on prices with respect to materials and services, he shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such material or service, including the following: Speculative fluctuations, general increases or decreases in cost of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the material or by persons performing the service, subsequent to June 24, 1950. In stabilizing and adjusting wages, salaries, or other compensation, the President shall give due consideration to such relevant factors as he may determine to be of general applicability in respect of such wages, salaries, or other compensation. Any regulation or order under this title shall be such as in the judgment of the President will be generally fair and equitable and will effectuate the purposes of this title, and shall be accompanied by a statement of considerations involved in the issuance of such regulation or order. The President, in establishing and adjusting ceilings with respect to materials and services, and in stabilizing and adjusting wages, salaries, and other compensation, shall make such adjustments as he deems necessary to prevent or correct hardships or inequities.

(d) (1) Regulations and orders issued under this title shall apply regardless of any obligation heretofore or hereafter incurred, except as provided in this subsection; but the President shall make appropriate provision to prevent hardships and inequities to sellers who have bona fide contracts in effect on the date of issuance of any such regulation or order for future delivery of materials in which seasonal demands or normal business practices require contracts for future delivery.

(2) No wage, salary, or other compensation shall be stabilized at less than that paid during the period from May 24, 1950, to June 24, 1950, inclusive. ***No regulation or order shall be issued or remain in effect under this title which prohibits the payment or receipt of hourly wages at a rate of $1 per hour or less.***[20] No action shall be taken under authority of this title with respect to wages, salaries, or other compensation which is inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, or the Labor Management Relations Act, 1947, or any other law of the United States, or of any State, the District of Columbia, or any Territory or possession of the United States.

(3) No ceiling shall be established or maintained for any agricultural commodity below the highest of the following prices: (i) The parity price for such commodity, as determined by the Secretary of Agriculture in accordance with the Agricultural Adjustment Act of 1938, as amended, and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (ii) the highest price received by producers during the period from May 24, 1950, to June 24, 1950, inclusive, as determined by the Secretary of Agriculture and adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or (iii) in the case of any commodity for which the market was not active during the period May 24 to June 24, 1950, the average price received by producers during the most recent representative period prior to May 24, 1950, in which the market for such commodity was active as determined and adjusted by the Secretary of Agriculture to a level in line with the level of prices received by producers for agricultural commodities generally during the period May 24 to June 24, 1950, and adjusted by the Secretary for grade, location, and seasonal differentials, or (iv) in the case of fire-cured tobacco a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 75 per centum of the parity price of Burley tobacco of the corresponding crop, and in the case of dark air-cured tobacco and Virginia sun-cured tobacco, respectively, a price (as determined by the Secretary of Agriculture and adjusted for grade differentials) equal to 66⅔ per centum of the parity price of Burley tobacco of the corresponding crop. No ceilings shall be established or maintained hereunder for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in this subsection: *Provided*, That in establishing and maintaining ceilings

[20] Added by sec. 105, 1952 Amendments.

on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing; *and equitable treatment shall be accorded to all such processors.*[21] Whenever a ceiling has been established under this title with respect to any agricultural commodity, or any commodity processed or manufactured in whole or in substantial part therefrom, the President from time to time shall adjust such ceiling in order to make appropriate allowances for substantial reduction in merchantable crop yields, unusual increases in costs of production, and other factors which result from hazards occurring in connection with the production and marketing of such agricultural commodity; and in establishing the ceiling (1) for any agricultural commodity for which the 1950 marketing season commenced prior to the enactment of this Act and for which different areas have different periods of marketing during such season or (2) for any agricultural commodity produced for the same general use as a commodity described in (1), the President shall give due consideration to affording equitable treatment to all producers of the commodity for which the ceiling is being established. *No ceiling shall be established or maintained for any agricultural commodity below 90 per centum of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture.*[22] [Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act.][23] *Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of either (1) the Agricultural Act of 1949,* ***except that under any price support program announced while this title is in effect the level of support to cooperators shall be 90 per centum of the parity price, or such higher level as may be established under section 402 of that Act, for any crop of any basic agricultural commodity with respect to which producers have not disapproved marketing quotas,***[24] *or (2) the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of the Agricultural Marketing Agreement Act of 1937, as amended.* Ceiling prices to producers for milk used for

[21] Added by sec. 104 (a), 1951 Amendments.
[22] Added by sec. 104 (b), 1951 Amendments.
[23] Sentence revised by sec. 104 (c), 1951 Amendments.
[24] Added by sec. 106 (a), 1952 Amendments.

distribution as fluid milk in any marketing area not under a marketing agreement, license, or order issued under the Agricultural Marketing Agreement Act of 1937, as amended, shall not be less than (1) parity prices for such milk, or (2) prices which in such marketing areas will bear the same ratio to the average farm price of milk sold wholesale in the United States as the prices for such fluid milk in such marketing areas bore to such average farm price during the base period, as determined by the Secretary of Agriculture, whichever is higher: *Provided, however*, That whenever the Secretary of Agriculture finds that the prices so fixed are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in any such marketing area, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest, which prices when so determined shall be used as the ceiling prices to producers for fluid milk in such marketing areas. *No ceiling prices to producers for milk or butterfat used for manufacturing dairy products shall be issued until and unless the Secretary of Agriculture shall determine that such prices are reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect the supply and demand for dairy products, and will insure a sufficient quantity of dairy products and be in the public interest. The prices so determined shall be adjusted by him for use, grade, quality, location, and season of the year.*[25] ***No ceiling prices for products resulting from the processing of agricultural commodities, including livestock, milk, and other dairy products, shall be established or maintained in any agricultural marketing area at levels which deny to any processor of such products the cost adjustments provided in paragraph (4) of this subsection and which deny to any distributor or seller of such products the customary margin or charge provided in subsection (k) of this section. Where a State regulatory body is authorized to establish minimum and/or maximum prices for sales of fluid milk, ceiling prices established for such sales under this title shall (1) not be less than the minimum prices, or (2) be equal to the maximum prices, established by such regulatory body, as the case may be: And provided further, That in the case of prices of milk established by any State regulatory body, with respect to which prices, parties may be deemed to contract, no ceiling price may be maintained under this title which is less than the price so established.***

[25] Added by sec. 104 (d), 1951 Amendments.

No ceiling shall be established or maintained under this title for fruits or vegetables in fresh or processed form.[26]

(4) After the enactment of this paragraph no ceiling price on any material (other than an agricultural commodity) or on any service shall become effective which is below the lower of (A) the price prevailing just before the date of issuance of the regulation or order establishing such ceiling price, or (B) the price prevailing during the period January 25, 1951, to February 24, 1951, inclusive. Nothing in this paragraph shall prohibit the establishment or maintenance of a ceiling price with respect to any material (other than an agricultural commodity) or service which (1) is based upon the highest price between January 1, 1950, and June 24, 1950, inclusive, if such ceiling price reflects adjustments for increases or decreases in costs occurring subsequent to the date on which such highest price was received and prior to July 26, 1951, or (2) is established under a regulation issued prior to the enactment of this paragraph. Upon application and a proper showing of his prices and costs by any person subject to a ceiling price, the President shall adjust such ceiling price in the manner prescribed in clause (1) of the preceding sentence. For the purposes of this paragraph the term "costs" includes material, indirect and direct labor, factory, selling, advertising, office, and all other production, distribution, transportation and administration costs, except such as the President may determine to be unreasonable and excessive.[27] ***The provisions of this paragraph shall not apply in the case of a seller of a material at retail or wholesale within the meaning of subsection (k) of this section.***[28]

(5) For the purpose of determining the applicable ceiling price under the general ceiling price regulation issued January 26, 1951, as amended, any sale of fertilizer to the ultimate user by a person who acquired it for resale shall be considered a retail sale.[29]

(e) The authority conferred by this title shall not be exercised with respect to the following:

(i) Prices or rentals for real property;

(ii) [Rates or fees charged for professional services;] *Rates or fees charged for professional services; wages, salaries, and other compensation paid to physicians employed in a professional capacity by licensed hospitals, clinics and like medical institutions for the care of the sick or disabled; wages, salaries and other compensation paid to attorneys licensed to practice law employed in a professional capacity by an attorney or firm of attorneys engaged in the practice of his or*

[26] Added by sec. 106 (b), 1952 Amendments.
[27] Added by sec. 104 (e), 1951 Amendments.
[28] Added by sec. 107, 1952 Amendments.
[29] Added by sec. 108, 1952 Amendments.

their profession;[30] ***wages, salaries, and other compensation paid to professional engineers employed in a professional capacity; wages, salaries, and other compensation paid to professional architects employed in a professional capacity by an architect or firm of architects engaged in the practice of his or their profession; and wages, salaries, and other compensation paid to certified public accountants licensed to practice as such employed in a professional capacity by a certified public accountant or firm of certified public accountants engaged in the practice of his or their profession.***[31]

(iii) Prices or rentals for (a) materials furnished for publication by any press association or feature service, or (b) books, magazines, motion pictures, periodicals, or newspapers, other than as waste or scrap; or rates charged by any person in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting or television station, a motion-picture or other theater enterprise, or outdoor advertising facilities;

(iv) Rates charged by any person in the business of selling or underwriting insurance;

[(v) Rates charged by any common carrier or other public utility: *Provided*, That no common carrier or other public utility shall at any time after the President shall have issued any stabilization regulations and orders under subsection (b) make any increase in its charges for property or services sold by it for resale to the public, for which application is filed after the date of issuance of such stabilization regulations and orders, before the Federal, State or Municipal authority having jurisdiction to consider such increase, unless it first gives 30 days' notice to the President, or such agency as he may designate, and consents to the timely intervention by such agency before the Federal, State or Municipal authority having jurisdiction to consider such increase;]

(v) (1) Rates and charges by any common carrier or other public utility, including rates charged by any person subject to the Shipping Act, 1916 (Public Law 260, Sixty-fourth Congress), as amended, and including compensation for the use by others of a common carrier's cars or other transportation equipment, charges for the use of washroom and toilet facilities in terminals and stations, and charges for repairing cars or other transportation equipment owned by others; charges for the use of parking facilities operated by common carriers in connection with their common carrier operations; and (2) charges paid by common

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[30] Changed by sec. 104 (f), 1951 Amendments.
[31] Added by sec. 109 (a), 1952 Amendments.

carriers for the performance of a part of their transportation services to the public, including the use of cars or other transportation equipment owned by a person other than a common carrier, protective service against heat or cold to property transported or to be transported, and pickup and delivery and local transfer services: Provided, That no common carrier or other public utility shall at any time after the President shall have issued any stabilization regulations and orders under subsection (b) make any increase in its charges for property or services sold by it for resale to the public, for which application is filed after the date of issuance of such stabilization regulations and orders, before the Federal, State, or municipal authority, if any, having jurisdiction to consider such increase, unless it first gives thirty days' notice to the President, or such agency as he may designate, and consents to timely intervention by such agency before the Federal, State, or municipal authority, if any, having jurisdiction to consider such increase: And provided further, That the Office of Price Stabilization shall not intervene in any case involving increases in rates or charges proposed by any common carrier or other public utility except as provided in the preceding proviso;[32]

(vi) Margin requirements on any commodity exchange.

(vii) Prices charged and wages paid for services performed by barbers and beauticians.[33]

(viii) Rates, fees, and charges for materials or services supplied directly by the States, Territories, and possessions of the United States, and their political subdivisions and municipalities, the District of Columbia, and any agency of any of the foregoing.[34]

(ix) Wages, salaries, or other compensation of persons employed in small-business enterprises as defined in this paragraph: Provided, however, That the President may from time to time exclude from this exemption such enterprises on the basis of industries, types of business, occupations, or areas, if their exemption would be unstabilizing with respect to wages, salaries, or other compensation, prices, or manpower, or would otherwise be contrary to the purposes of this Act. A small-business enterprise, for the purpose of this paragraph, is any enterprise in which a total of eight or less persons are employed in all its establishments, branches, units, or affiliates. This paragraph shall become effective thirty days after its enactment.[34]

(x) Prices charged and wages paid by bowling alleys.[34]

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[32] Entirely revised by sec. 109 (b), 1952 Amendments.
[33] Added by sec. 104 (g), 1951 Amendments.
[34] Added by sec. 109 (c), 1952 Amendments.

(xi) Wages paid for agricultural labor.[34]

(f) The President, in or by any regulation or order, may provide exemptions for any materials or services, or transactions therein, or types of employment, with respect to which he finds that (1) such exemption is necessary to promote the national defense; or (2) it is unnecessary that ceilings be applicable to such materials or services, or transactions therein, or that compensation for such types of employment be stabilized, in order to effectuate the purposes of this title.

(g) The powers granted in this title shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except where such action is affirmatively found by the President to be necessary to prevent circumvention or evasion of any regulation, order, or requirement under this title.

(h) Nothing in this title shall be construed (1) as authorizing the elimination or any restriction of the use of trade and brand names; (2) as authorizing the President to require the grade labeling of any materials; (3) as authorizing the President to standardize any materials or services, unless the President shall determine, with respect to such standardization, that no practicable alternative exists for securing effective price control with respect to such materials or services; or (4) as authorizing any order of the President establishing price ceilings for different kinds, classes, or types of material or service, which are described in terms of specifications or standards, unless such specifications or standards were, prior to such order, in general use in the trade or industry affected, or have previously been promulgated and their use lawfully required by another Government agency.

(i) No rule, regulation, or order issued under this title shall require any seller of materials at retail to limit his sales with reference to any highest price line offered for sale by him at any prior time.

(j) Where the sale or delivery of a material or service makes the person selling or delivering it liable for a State or local gross receipts tax or gross income tax, he may receive for the material or service involved, in addition to the ceiling price, (1) an amount equal to the amount of all such State and local taxes for which the transaction makes him liable, or (2) one cent, whichever is greater. For the purposes of the preceding sentence, the amount of tax liability shall be computed on shipping units at the ceiling price, and a fractional part of a cent in the amount of tax liability shall be disregarded unless it amounts to one-half cent or more, in which case it shall be increased to one cent.[35]

[34] Added by sec. 109 (c), 1952 Amendments.
[35] Added by sec. 104 (h), 1951 Amendments.

(k) [*No rule, regulation, order or amendment thereto shall hereafter be issued under this title, which shall deny to sellers of materials at retail or wholesale their customary percentage margins over costs of the materials during the period May 24, 1950, to June 24, 1950, or on such other nearest representative date determined under section 402 (c), as shown by their records during such period, except as to any one specific item of a line of material sold by such sellers which is in short supply as evidenced by specific government action to encourage production of the item in question.*] ***No rule, regulation, order, or amendment thereto shall be issued or remain in effect under this title, which shall deny sellers of materials at retail or wholesale their customary percentage margins over costs of the materials or their customary charges during the period May 24, 1950, to June 24, 1950, or on such other nearest representative date determined under section 402 (c), as shown by their records during such period, except as to any one specific item of a line of material sold by such sellers which is in short supply as evidenced by specific government action to encourage production of the item in question: Provided, however, That if the antitrust laws of any State have been construed to prohibit adherence by sellers of materials at wholesale or retail to uniform suggested retail resale prices, the President shall issue regulations giving full consideration to the customary percentage margins of such sellers during the period hereinbefore set forth.***[36] *No such exception shall reduce such customary margins of sellers at retail or wholesale beyond the amount found by the President, in writing, to be generally equitable and proportionate in relation to the general reductions in the customary margins of all other classes of persons concerned in the production and distribution of the excepted item of material.*

Prior to making any finding that a specific item of material shall be so excepted, or as to the amount of the reductions in customary margins to be imposed upon retail and wholesale sellers of such item, the President shall consult with representatives of the affected retail and wholesale sellers concerning the basis for and the amount of the exception which is proposed with respect to any such item.

For purposes of this section a person is a "seller of a material at retail or wholesale" to the extent that such person purchases and resells an item of material without substantially altering its form; or to the extent that such person sells to ultimate consumers except (1) to government and institutional consumers and (2) to consumers who purchase for consumption in the course of trade or business.[37]

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[36] Sentence revised by sec. 110, 1952 Amendments.

[37] Subsection (k) added by sec. 104 (h), 1951 Amendments.

(l) No rule, regulation, order, or amendment thereto issued under this title shall fix a ceiling on the price paid or received on the sale or delivery of any material in any State below the minimum sales price of such material fixed by the State law (other than any so-called 'fair trade law') now in effect, or by regulation issued pursuant to such law.[38]

(m) No rule, regulation, order, or amendment thereto shall be issued or maintained under this title, which shall deny to any hotel supply house or combination distributor, affiliated with any slaughterer or slaughtering establishment, or to any wholesaler so affiliated but whose affiliation does not amount to an interest or equity of more than 50 per centum, the same ceiling price or prices for meat accorded to hotel supply houses, combination distributors, or wholesalers which are not so affiliated.[39]

(n) Notwithstanding any other provision of this Act, whenever price ceilings are declared in effect on any agricultural commodity at the farm level, the Director of Price Stabilization must at the same time put into effect margin controls on processors, wholesalers, and retailers, such margin controls to allow the processors, wholesalers, and retailers the normal mark-ups as provided under this Act, except that under no circumstances are the sellers to be allowed greater than their normal margins of profit.[40]

SEC. 403. SEPARATE CONTROLS AGENCY

(a) [41] At such time as the President determines that it is necessary to impose price and wage controls generally over a substantial portion of the national economy, he shall administer such controls, and rationing at the retail level of consumer goods for household and personal use under authority of Title I of this Act (when and to the extent that he exercises such authority), through a new independent agency created for such purpose[.]: *Provided, however, That the President shall administer any controls over the wages or salaries of employees subject to the provisions of the Railway Labor Act, as amended, through a separate board or panel having jurisdiction only over such employees.*[42] Such agency may utilize the services, information, and facilities of other agencies and departments of the Government, but such agency shall not delegate enforcement of any of the controls to

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[38] Added by sec. 111, 1952 Amendments.
[39] Added by sec. 111, 1952 Amendments.
[40] Added by sec. 111, 1952 Amendments.
[41] Originally sec. 403; redesignated subsection 403 (a) by sec. 112, 1952 Amendments.
[42] Proviso added by sec. 105 (a), 1951 Amendments.

be administered by it under this section to any other agency or department.

(b) (1) There is hereby created, in the present Economic Stabilization Agency, or any successor agency, a Wage Stabilization Board (hereinafter in this subsection referred to as the 'Board'), which shall be composed, in equal numbers, of members representative of the general public, members representative of labor, and members representative of business and industry. The number of offices on the Board shall be established by Executive order.

(2) The members of the Board shall be appointed by the President, by and with the advice and consent of the Senate. The President shall designate a Chairman and Vice Chairman of the Board from among the members representative of the general public.

(3) The term of office of the members of the Board shall terminate on May 1, 1953. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(4) Each member representative of the general public shall receive compensation at the rate of $15,000 a year, and while a member of the Board shall engage in no other business, vocation, or employment. Each member representative of labor, and each member representative of business and industry, shall receive $50 for each day he is actually engaged in the performance of his duties as a member of the Board, and in addition he shall be paid his actual and necessary travel and subsistence expenses in accordance with the Travel Expense Act of 1949 while so engaged away from his home or regular place of business. The members representative of labor, and the members representative of business and industry, shall, in respect of their functions on the Board, be exempt from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

(5) The Board shall, under the supervision and direction of the Economic Stabilization Administrator—

(A) formulate, and recommend to such Administrator for promulgation, general policies and general regulations relating to the stabilization of wages, salaries, and other compensation; and

(B) upon the request of (i) any person substantially affected thereby, or (ii) any Federal department or agency whose functions, as provided by law, may be affected thereby or may have

an effect thereon, advise as to the interpretation, or the application to particular circumstances, of policies and regulations promulgated by such Administrator which relate to the stabilization of wages, salaries, and other compensation.

For the purposes of this Act, stabilization of wages, salaries, and other compensation means prescribing maximum limits thereon. Except as provided in clause (B) of this paragraph, the Board shall have no jurisdiction with respect to any labor dispute or with respect to any issue involved therein. Labor disputes, and labor matters in dispute, which do not involve the interpretation or application of such regulations or policies shall be dealt with, if at all, insofar as the Federal Government is concerned, under the conciliation, mediation, emergency, or other provisions of laws heretofore or hereafter enacted by the Congress.

(6) Paragraph (5) of this subsection shall take effect thirty days after the date on which this subsection is enacted. The Wage Stabilization Board created by Executive Order Numbered 10161, and reconstituted by Executive Order Numbered 10233, as amended by Executive Order Numbered 10301, is hereby abolished, effective at the close of the twenty-ninth day following the date on which this subsection is enacted. After June 27, 1952, the present Wage Stabilization Board shall issue no regulation or order except with respect to individual cases pending before the Board prior to such date.[43]

(c) Notwithstanding any other provision of this section, the stabilization of the salaries and other compensation of persons (not represented in their relationships or eligible to be so represented with their employer by duly certified or recognized labor organizations) employed as outside salesmen or in bona fide executive, administrative, or professional capacities, as such terms are defined in the regulations issued in pursuance of section 13 (a) (1) of the Fair Labor Standards Act of 1938, as amended, or as supervisors, as defined by the Labor Management Relations Act, 1947, as amended, shall be administered by the Salary Stabilization Board and the Office of Salary Stabilization as presently established within the Economic Stabilization Agency, or any successor agency, subject to the supervsion and direction of the Economic Stabilization Administrator.[43]

(d) It shall be the express duty, obligation, and function of the present Economic Stabilization Agency, or any successor

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[43] Subsections (b), (c), and (d) added by sec. 112, 1952 Amendments.

agency, to coordinate the relationship between prices and wages, and to stabilize prices and wages.[43]

SEC. 404. CONSULTATION WITH COMMITTEES

In carrying out the provisions of this title, the President shall, so far as practicable, advise and consult with, and establish and utilize committees of, representatives of persons substantially affected by regulations or orders issued hereunder.

SEC. 405. VIOLATIONS

(a) It shall be unlawful, regardless of any obligation heretofore or hereafter entered into, for any person to sell or deliver, or in the regular course of business or trade to buy or receive, any material or service, or otherwise to do or omit to do any act, in violation of this title or of any regulation, order, or requirement issued thereunder, or to offer, solicit, attempt or agree to do any of the foregoing. *The President shall also prescribe the extent to which any payment made, either in money or property, by any person in violation of any such regulation, order, or requirement shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation, including bases in determining gain for tax purposes.*[44]

(b) No employer shall pay, and no employee shall receive, any wage, salary, or other compensation in contravention of any regulation or order promulgated by the President under this title. The President shall also prescribe the extent to which any wage, salary, or compensation payment made in contravention of any such regulation or order shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any employer for the purposes of any other law or regulation.

SEC. 406. COMPULSORY SALES OR SERVICES

Nothing in this title shall be construed to require any person to sell any material or service, or to perform personal services.

SEC. 407. PROTESTS

(a) At any time within six months after the effective date of any regulation or order [relating to price controls under this title] ***relating to price controls under this title or rent controls under the Housing and Rent Act of 1947, as amended*** or, in the case of

[43] Subsections (b), (c), and (d) added by sec. 112, 1952 Amendments.
[44] Added by sec. 104 (i), 1951 Amendments.

new grounds arising after the effective date of any such regulation or order [relating to price controls], within six months after such new grounds arise, any person subject to any provision of such regulation or order may, in accordance with regulations to be prescribed by the President, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the President. Within a reasonable time after the filing of any protest under this section, but in no event more than thirty days after such filing, the President shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the President denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the President has taken official notice.[45]

(b) In the administration of this title ***and the Housing and Rent Act of 1947, as amended,*** the President may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 705 of this Act [.], ***or section 206 of the Housing and Rent Act of 1947, as amended, as the case may be.***[46]

(c) Any proceedings under this section may be limited by the President to the filing of affidavits, or other written evidence, and the filing of briefs: *Provided, however*, That upon the request of the protestant, any protest filed in accordance with subsection (a) of this section shall, before denial in whole or in part, be considered by a board of review consisting of one or more officers or employees of the United States designated by the President in accordance with regulations to be promulgated by him. Such regulations shall provide that the board of review may conduct hearings and hold sessions in the District of Columbia or any other place, as a board, or by subcommittees thereof, and shall provide that, upon the request of the protestants and upon a showing that material facts would be adduced thereby, subpenas shall issue to procure the evidence of persons, or the production of documents, or both. The President shall cause to be presented to the board such evidence, including economic data, in the form of affidavits or otherwise, as he deems appropriate in support of the provision against which the protest is filed. The protestant shall

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[45] Deletions and addition made by sec. 113 (a) (1), 1952 Amendments.
[46] Amended by sec. 113 (a) (2), 1952 Amendments.

be accorded an opportunity to present rebuttal evidence in writing and oral argument before the board and the board shall make written recommendations to the President. The protestant shall be informed of the recommendations of the board and, in the event that the President rejects such recommendations in whole or in part, shall be informed of the reasons for such rejection.

(d) Any protest filed under this section shall be granted or denied by the President, or granted in part and the remainder of it denied within a reasonable time after it is filed. Any protestant who is aggrieved by undue delay on the part of the President in disposing of his protest may petition the Emergency Court of Appeals for relief; and such court shall have jurisdiction by appropriate order to require the President to dispose of such protest within such time as may be fixed by the court. If the President does not act finally within the time fixed by the court, the protest shall be deemed to be denied at the expiration of that period.

SEC. 408. COURT RELIEF

[(a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation or order, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided*, That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The Presi-

dent shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by the President, any such evidence shall be presented directly to the court.

(b) No such regulation or order shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation or order shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation or order relating to price controls issued under this title. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title.

(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order relating to price controls issued under this title, and of any provision of any such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial,

shall have jurisdiction or power to consider the validity of any such regulation or order relating to price controls, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

(e) (1) Within thirty days after arraignment, or such additional time as the court may allow for good cause shown, in any criminal proceeding, and within five days after judgment in any civil or criminal proceeding, brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code, involving alleged violation of any provision of any regulation or order relating to price controls issued under this title, the defendant may apply to the court in which the proceeding is pending for leave to file in the Emergency Court of Appeals a complaint against the President setting forth objections to the validity of any provision which the defendant is alleged to have violated or conspired to violate. The court in which the proceeding is pending shall grant such leave with respect to any objection which it finds is made in good faith and with respect to which it finds there is reasonable and substantial excuse for the defendant's failure to present such objection in a protest filed in accordance with section 407 of this title. Upon the filing of a complaint pursuant to and within thirty days from the granting of such leave, the Emergency Court of Appeals shall have jurisdiction to enjoin or set aside in whole or in part the provision of the regulation or order complained of or to dismiss the complaint. The court may authorize the introduction of evidence, either to the President or directly to the court, in accordance with subsection (a) of this section. The provisions of subsections (b), (c), and (d) of this section shall be applicable with respect to any proceeding instituted in accordance with this subsection.

(2) In any proceeding brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code, involving an alleged violation of any provision of any such regulation or order, the court shall stay the proceeding—

(i) during the period within which a complaint may be filed in the Emergency Court of Appeals pursuant to leave granted under paragraph (1) of this subsection with respect to such provision;

(ii) during the pendency of any protest properly filed by the defendant under section 407 of this title prior to the institution of the proceeding under section 409 or 706 of this Act or section 371 of title 18, United States Code, setting forth objections to the validity of such provision which the court finds to have been made in good faith; and

(iii) during the pendency of any judicial proceeding instituted by

the defendant under this section with respect to such protest or instituted by the defendant under paragraph (1) of this subsection with respect to such provision, and until the expiration of the time allowed in this section for the taking of further proceedings with respect thereto.

Notwithstanding the provisions of this paragraph, stays shall be granted thereunder in civil proceedings only after judgment and upon application made within five days after judgment. Notwithstanding the provisions of this paragraph, in the case of a proceeding under section 409 (a) or 706 (a) of this Act the court granting a stay under this paragraph shall issue a temporary injunction or restraining order enjoining or restraining, during the period of the stay, violations by the defendant of any provision of the regulation or order involved in the proceeding. If any provision of a regulation or order is determined to be invalid by judgment of the Emergency Court of Appeals which has become effective in accordance with section 408 (b) of this title, any proceeding pending in any court shall be dismissed, and any judgment in such proceeding vacated, to the extent that such proceeding or judgment is based upon violation of such provision. Except as provided in this subsection, the pendency of any protest under section 407 of this title, or judicial proceeding under this section, shall not be grounds for staying any proceeding brought pursuant to section 409 or 706 of this Act or section 371 of title 18, United States Code; nor, except as provided in this subsection, shall any retroactive effect be given to any judgment setting aside a provision of a regulation or order issued under this title.]

(a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the President, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the President has taken official notice. Upon such filing, the court shall have exclusive jurisdiction of the proceeding and of all questions determined therein, and shall have power to grant such temporary relief or restraining order as it deems just and proper; to permanently enjoin or set aside, in whole or in part, the regulation or order or the amendment of or supplement to the regulation or order protested; to make and

enter upon the pleadings, evidence, testimony, and proceedings set forth in such transcript a decree enforcing, modifying, and enforcing as so modified, or setting aside in whole or in part the order of the President; to dismiss the petition; or to remand the proceeding to the President for further action in accordance with the court's decree: Provided, That the regulation or order may be modified or rescinded by the President at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. The findings of the President with respect to questions of fact, if supported by substantial evidence on the record considered as a whole, shall be conclusive. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the President and not admitted, or which could not reasonably have been offered to the President or included by the President in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the President. The President shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof; except that on request by the President, any such evidence shall be presented directly to the court.

(b) The Emergency Court of Appeals is hereby continued for the purpose of the exercise of the jurisdiction granted by this title, with the powers herein specified, together with the powers heretofore granted by law to such court which are not inconsistent with the provisions of this title. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this title. So far as necessary to decision the court shall decide all relevant questions of law, interpret constitutional and statutory provisions, interpret the meaning or applicability of the terms of any official action under this title or under this Act, as amended, of which this title is a part and with respect to this title, or under the Housing and Rent Act of 1947, as amended. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this title.

(c) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any such regulation or order issued under this title, or under the Housing and Rent Act of 1947, as amended. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation or order, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this title, or the Housing and Rent Act of 1947, as amended, authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

(d) (1) Within thirty days after arraignment, or such additional time as the court may allow for good cause shown, in any criminal proceeding, and within five days after judgment in any civil or criminal proceeding, brought pursuant to section 409 or 706 of this Act, section 205 or 206 of the Housing and Rent Act of 1947, as amended, or section 371 of title 18, United States Code, involving alleged violation of any provision of any such regulation or order, the defendant may apply to the court in which the proceeding is pending for leave to file in the Emergency Court of Appeals a complaint against the President setting forth objections to the validity of any provision which the defendant is alleged to have violated or conspired to violate. The court in which the proceeding is pending shall grant such leave with respect to any objection which it finds is made in good faith and with respect to which it finds there is reasonable and substantial excuse for the defendant's failure to present such objection in a protest filed in accordance with section 407 of this title. Upon the filing of a complaint pursuant to and within thirty days from the granting of such leave, the Emergency Court of Appeals shall have jurisdiction to enjoin or set aside in whole or in part the provision of the regulation or order complained of or to dismiss the complaint.

The court may authorize the introduction of evidence, either to the President or directly to the court, in accordance with subsection (a) of this section. The provisions of subsections (b) and (c) of this section shall be applicable with respect to any proceeding instituted in accordance with this subsection.

(2) In any proceeding brought pursuant to section 409 or 706 of this Act, section 205 or 206 of the Housing and Rent Act of 1947, as amended, or section 371 of title 18, United States Code, involving an alleged violation of any provision of any such regulation or order, the court shall stay the proceeding—

(i) during the period within which a complaint may be filed in the Emergency Court of Appeals pursuant to leave granted under paragraph (1) of this subsection with respect to such provision;

(ii) during the pendency of any protest properly filed by the defendant under section 407 of this title prior to the institution of the proceeding under section 409 or 706 of this Act, section 205 or 206 of the Housing and Rent Act of 1947, as amended, or section 371 of title 18, United States Code, setting forth objections to the validity of such provision which the court finds to have been made in good faith; and

(iii) during the pendency of any judicial proceeding instituted by the defendant under this section with respect to such protest or instituted by the defendant under paragraph (1) of this subsection with respect to such provision, and until the expiration of the time allowed in this section for the taking of further proceedings with respect thereto.

Notwithstanding the provisions of this paragraph, stays shall be granted thereunder in civil proceedings only after judgment and upon application made within five days after judgment. Notwithstanding the provisions of this paragraph, in the case of a proceeding under section 409 (a) or 706 (a) of the Act or section 206 (b) of the Housing and Rent Act of 1947, as amended, the court granting a stay under this paragraph shall issue a temporary injunction or restraining order enjoining or restraining, during the period of the stay, violations by the defendant of any provision of the regulation or order involved in the proceeding. If any provision of a regulation or order is determined to be invalid by judgment of the Emergency Court of Appeals which has become effective in accordance with section 408 (b) of this title, any proceeding pending in any court shall be dismissed, and any judgment in such proceeding vacated, to the extent that such proceeding or judgment is based upon violation of such provision. Ex-

cept as provided in this subsection, the pendency of any protest under section 407 of this title, or judicial proceeding under this section, shall not be grounds for staying any proceeding brought pursuant to section 409 or 706 of this Act, section 205 or 206 of the Housing and Rent Act of 1947, as amended, or section 371 of title 18, United States Code; nor, except as provided in this subsection, shall any retroactive effect be given to any judgment setting aside a provision of a regulation or order issued under this title.[47]

SEC. 409. INJUNCTION, IMPRISONMENT AND ACTION FOR DAMAGES

[(a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.]

(a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 405 of this title, he may make application to any district court of the United States or any United States court of any Territory or other place subject to the jurisdiction of the United States for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond.[48]

(b) Any person who willfully violates any provision of section 405 of this title shall be guilty of a misdemeanor and shall, upon conviction thereof, be subject to a fine of not more than $10,000, or to imprisonment for not more than one year, or both. Whenever the President has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

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[47] Sec. 408 entirely revised by 113 (b), 1952 Amendments.
[48] Revised by sec. 104 (j), 1951 Amendments.

(c) If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings, the person who buys such material or service for use or consumption other than in the course of trade or business may, within one year from the date of the occurrence of the violation, except as hereinafter provided, bring an action against the seller on account of the overcharge. In any action under this subsection, the seller shall be liable for reasonable attorney's fees and costs as determined by the court, plus whichever of the following sums is greater: (1) such amount not more than three times the amount of the overcharge, or the overcharges, upon which the action is based as the court in its discretion may determine, [but in no event shall such amount exceed the amount of the overcharge, or the overcharges, plus $10,000,][49] or (2) an amount not less than $25 nor more than $50 as the court in its discretion may determine: *Provided, however*, That such amount shall be the amount of the overcharge or overcharges if the defendant proves that the violation of the regulation or order in question was neither willful nor the result of failure to take practicable precautions against the occurrence of the violation. For the purposes of this section the word "overcharge" shall mean the amount by which the consideration exceeds the applicable ceiling. If any person selling any material or service violates a regulation or order prescribing a ceiling or ceilings and the buyer either fails to institute an action under this subsection within thirty days from the date of the occurrence of the violation or is not entitled for any reason to bring the action, the President may institute such action on behalf of the United States within such one-year period, or compromise with the seller the liability which might be assessed against the seller in such an action. If such action is instituted, or such liability is compromised by the President, the buyer shall thereafter be barred from bringing an action for the same violation or violations. Any action under this subsection by either the buyer or the President, as the case may be, may be brought in any court of competent jurisdiction. A judgment in an action for damages, or a compromise, under this subsection shall be a bar to the recovery under this subsection of any damages in any other action against the same seller on account of sales made to the same purchaser prior to the institution of the action in which such judgment was rendered, or prior to such compromise. The President may not institute any action under this subsection on behalf of the United States—

(1) if the violation arose because the person selling the material or service acted upon and in accordance with the written advice and instructions of the President or any official authorized to act for him;

[49] Deleted by sec. 104 (k), 1951 Amendments.

(2) if the violation arose out of the sale of any material or service to any agency of the Government, and such sale was made pursuant to the lowest bid made in response to an invitation for competitive bids.

(d) The President shall also prescribe the extent to which any payment made by way of fine pursuant to subsection (b) of this section 409, or any payment made to the United States or to any buyer in compromise or satisfaction of any liability or of any right of action, suit, or judgment, authorized pursuant to subsection (c) of this section 409 for selling any material or service, in violation of a regulation or order providing a ceiling or ceilings, shall be disregarded by the executive departments and other governmental agencies in determining the costs or expenses of any such person for the purposes of any other law or regulation.[50]

(e) The term "court of competent jurisdiction" as used in this section shall mean any Federal court of competent jurisdiction regardless of the amount in controversy and any State or Territorial court of competent jurisdiction.[51]

SEC. 410. GOVERNMENT PURCHASE OF CHICKENS AND TURKEYS

Each contract providing for the purchase of processed chickens or turkeys by any department or agency of the United States from any contractor, entered into at any time when ceiling prices are in effect under this Act for whichever of such fowl is covered by such contract, shall contain the following provision (with such change as may be necessary to describe the fowl covered by the contract):

"The contractor represents that the contract price is based upon an estimated price paid to the producers for live chickens or live turkeys to be processed hereunder. In the event and to the extent that the actual price paid to the producers of live chickens or live turkeys purchased for the performance of this contract is less than such estimated price, the contract price shall be reduced by the same number of cents or fraction thereof, per pound."

SEC. 411. SUSPENSION OF REPORTING[52]

In the administration of this title, no person shall be required to furnish any reports or other information with respect to sales of materials or services at prices which are below ceiling, if such person certifies to the President that such sales were made at such prices.

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[50] Added by sec. 104 (1), 1951 Amendments.
[51] Added by sec. 104 (1), 1951 Amendments.
[52] Sec. 411 added by sec. 114, 1952 Amendments.

SEC. 412. SUSPENSION OF CONTROLS[53]

It is hereby declared to be the policy of the Congress that the President shall use the price, wage, and other powers conferred by this Act, as amended, to promote the earliest practicable balance between production and the demand therefor of materials and services, and that the general control of wages and prices shall be terminated as rapidly as possible consistent with the policies and purposes set forth in this Act; and that pending such termination, in order to avoid burdensome and unnecessary reporting and record keeping which retard rather than assist in the achievement of the purposes of this Act, price or wage regulations and orders, or both, shall be suspended in the case of any material or service or type of employment where such factors as condition of supply, existence of below ceiling prices, historical volatility of prices, wage pressures and wage relationships, or relative importance in relation to business costs or living costs will permit, and to the extent that such action will be consistent with the avoidance of a cumulative and dangerous unstabilizing effect. It is further the policy of the Congress that when the President finds that the termination of the suspension and the restoration of ceilings on the sales or charges for such material or service, or the further stabilization of such wages, salaries, and other compensation, or both, is necessary in order to effectuate the purposes of this Act, he shall by regulation or order terminate the suspension.

TITLE V.—SETTLEMENT OF LABOR DISPUTES

SEC. 501. SETTLEMENT OF LABOR DISPUTES

It is the intent of Congress, in order to provide for effective price and wage stabilization pursuant to title IV of this Act and to maintain uninterrupted production, that there be effective procedures for the settlement of labor disputes affecting national defense.

SEC. 502. POLICY

The national policy shall be to place primary reliance upon the parties to any labor dispute to make every effort through negotiation and collective bargaining and the full use of mediation and conciliation facilities to effect a settlement in the national interest. To this end, the President is authorized (1) to initiate voluntary conferences between management, labor, and such persons as the President

[53] Sec. 412 added by sec. 114, 1952 Amendments.

may designate to represent government and the public, and (2) subject to the provisions of section 503, to take such action as may be agreed upon in any such conference and appropriate to carry out the provisions of this title. The President may designate such persons or agencies as he may deem appropriate to carry out the provisions of this title[.]: *Provided, however, That in any dispute between employees and carriers subject to the Railway Labor Act, as amended, the procedures of such Act shall be followed for the purpose of bringing about a settlement of such dispute. Any agency provided for by such Act, including any panel or panel board established by the President for the adjustment of disputes arising under the Railway Labor Act, as a prerequisite to effecting or recommending a settlement of such dispute, shall make a specific finding and certification that the changes proposed by such settlement or recommended settlement, are consistent with such standards as may then be in effect, established by or pursuant to law, for the purpose of controlling inflationary tendencies: Provided further, That in any nondisputed wage or salary adjustments proposed as a result of voluntary agreement through collective bargaining, mediation, or otherwise, the same finding and certification of consistency with existing stabilization policy shall be made by the separate panel, chairman thereof, or boards as established and authorized by the President. Where such finding and certification are made by such agency, panel, chairman thereof, or boards, they shall after approval by the Economic Stabilization Administrator be conclusive and it shall then be lawful for the employees and carriers, by agreement, to put into effect the changes proposed by the settlement, recommended settlement, or voluntary proposal with respect to which such findings and certification were made.*[54]

SEC. 503. PREVAILING PRACTICES AND LAWS

In any such conference, due regard shall be given to terms and conditions of employment established by prevailing collective bargaining practice which will be fair to labor and management alike, and will be consistent with stabilization policies established under this Act. [No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Management Relations Act, 1947, or with other applicable laws shall be taken under this title.] *No action inconsistent with the provisions of the Fair Labor Standards Act of 1938, as amended, other Federal labor standards statutes, the Labor Man-*

[54] Proviso added by sec. 105 (b), 1951 Amendments.

agement Relations Act, 1947, the Railway Labor Act, as amended, or with other applicable laws shall be taken under this title.[55]

It is the sense of the Congress that, by reason of the work stoppage now existing in the steel industry, the national safety is imperiled, and the Congress therefore requests the President to invoke immediately the national emergency provisions (sections 206 to 210, inclusive) of the Labor-Management Relations Act, 1947, for the purpose of terminating such work stoppage.[56]

TITLE VI—CONTROL OF [CONSUMER AND] [57] REAL ESTATE CREDIT

THIS TITLE AUTHORIZES THE REGULATION OF [CONSUMER CREDIT AND] [58] REAL ESTATE CONSTRUCTION CREDIT ONLY

[SEC. 601. STANDARDS]

[To assist in carrying out the objectives of this Act, the Board of Governors of the Federal Reserve System is authorized, notwithstanding the provisions of Public Law 386, Eightieth Congress (61 Stat. 921), to exercise consumer credit controls in accordance with and to carry out the provisions of Executive Order Numbered 8843 (August 9, 1941) until such time as the President determines that the exercise of such controls is no longer necessary, but in no event beyond the date on which this section terminates.

In the exercise of its authority under this section, the Board shall not (1) require a down payment of more than one-third or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of a new or used automobile, or (2) require a down payment of more than 15 per centum or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of any household appliance (including phonographs and radios and television sets), or (3) require a down payment of more than 15 per centum or fix a maximum maturity of less than eighteen months in connection with instalment credit extended for the purchase of household furniture and floor coverings (the down payments required by the Board in the exercise of its authority under paragraphs (1), (2), and (3) may be made in cash, or by trade-in or exchange of property, or by a combination of cash and trade-in or exchange of property), or (4) require a down payment of more than 10 per centum or fix a maximum maturity of less than thirty-six months in connection with instalment

[55] Sentence revised by sec. 105 (c), 1951 Amendments.
[56] Sentence added by sec. 115, 1952 Amendments.
[57] Deleted by sec. 116 (a), 1952 Amendments.
[58] Deleted by sec. 116 (a), 1952 Amendments.

credit extended for residential repairs, alterations, or improvements or require any down payment on roofing or siding repairs, alterations or improvements in advance of completion thereof.][59]

SEC. 602. REAL ESTATE CONSTRUCTION CREDIT

(a) To assist in carrying out the purposes of this Act, the President is authorized from time to time to prescribe regulations with respect to such kind or kinds of real estate construction credit which thereafter may be extended as, in his judgment, it is necessary to regulate in order to prevent or reduce excessive or untimely use of or fluctuations in such credit. Such regulations may, among other things, prescribe maximum loan or credit values, minimum down payments in cash or property, trade-in or exchange values, maximum maturities, maximum amounts of credit, rules regarding the amount, form, and time of various payments, rules against any credit in specified circumstances, rules regarding consolidations, renewals, revisions, transfers, or assignments of credit, and rules regarding other similar or related matters. Such regulations may classify persons and transactions and may apply different requirements thereto, and may include such administrative provisions as in the judgment of the President are reasonably necessary in order to effectuate the purposes of this section or to prevent evasions thereof.

In prescribing and suspending such regulations, including changes from time to time to take account of changing conditions, the President shall consider, among other factors, (1) the level and trend of real estate construction credit and the various kinds thereof, (2) the effect of the use of such credit upon (i) purchasing power and (ii) demand for real property and improvements thereon and for other goods and services, (3) the need in the national economy for the maintenance of sound credit conditions, and (4) the needs for increased defense production.

(b) No person shall extend or maintain any real estate construction credit, or renew, revise, consolidate, refinance, purchase, sell, discount, or lend or borrow on, any obligation arising out of any such credit, or arrange for any of the foregoing, in contravention of any regulation prescribed by the President pursuant to this section. Any person who extends or maintains any such credit, or renews, revises, consolidates, refinances, purchases, sells, discounts, or lends or borrows on, any obligation arising out of any such credit, or arranges for any of the foregoing, shall make, keep, and preserve for such periods, such accounts, correspondence, memoranda, papers, books, and other

[59] Second paragraph added by sec. 106 (a), 1951 Amendments. Entire section repealed by sec. 116 (a), 1952 Amendments.

records, and make such reports, under oath or otherwise, as the President may by regulation require as necessary or appropriate in order to effectuate the purposes of this section; and such accounts, correspondence, memoranda, papers, books, and other records shall be subject at any time to such reasonable periodic, special, or other examinations by examiners or other representatives of the President as the President may deem necessary or appropriate. The requirements of this section apply whether a person is acting as principal, agent, broker, vendor, or otherwise.

(c) To assist in carrying out the purposes of this section, the President by regulation may require transactions or persons or classes thereof subject to this section to be registered; and, after notice and opportunity for hearing, the President by order may suspend any such registration for violation of this section or any regulation prescribed by the President pursuant to this section. The provisions of section 25 of the Securities Exchange Act of 1934, as amended, shall apply in the case of any such order of the President in the same manner that such provisions apply in the case of orders of the Securities and Exchange Commission under that Act. In carrying out this section, the President may act through and may utilize the services of the Board of Governors of the Federal Reserve System, the Federal Reserve banks, and any other agencies, Federal or State, which are available and appropriate.

(d) For the purposes of this section, unless the context otherwise requires, the following terms shall have the following meanings, but the President may in his regulations further define such terms and, in addition, may define technical, trade, accounting, and other terms, insofar as any such definitions are not inconsistent with the provisions of this section:

(1) "Real estate construction credit" means any credit which (i) is wholly or partly secured by, (ii) is for the purpose of purchasing or carrying, (iii) is for the purpose of financing, or (iv) involves a right to acquire or use, new construction on real property or real property on which there is new construction. As used in this paragraph the term "new construction" means any structure, or any major addition or major improvement to a structure, which has not been begun before 12 o'clock meridian, August 3, 1950. As used in this paragraph the term "real property" includes leasehold and other interests therein. Notwithstanding the foregoing provisions of this paragraph, the term "real estate construction credit" shall not include any loan or loans made, insured, or guaranteed by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-

ownership Government corporation as defined in the Government Corporation Control Act, as amended.

(2) "Credit" means any loan, mortgage, deed of trust, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner therof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

SEC. 603. WILLFUL VIOLATION

[Any person who willfully violates any provision of section 601 or 602 or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.]

Any person who willfully violates any provision of section 601, 602, or 605 or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than $5,000 or imprisoned not more than one year, or both.[60]

SEC. 604. SECURITIES EXCHANGE ACT OF 1934

All the present provisions of sections 21 and 27 of the Securities Exchange Act of 1934, as amended (relating to investigations, injunctions, jurisdictions, and other matters), shall be as fully applicable with respect to the exercise by the Board of Governors of the Federal Reserve System of credit controls under section 601 as they are now applicable with respect to the exercise by the Securities and Exchange Commission of its functions under that Act, and the Board shall have the same powers in the exercise of such credit controls as the Commission now has under the said sections 21 and 27.

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[60] Revised by sec. 106 (b), 1951 Amendments.

SEC. 605. MODIFICATION OF REAL ESTATE CREDIT CONDITIONS; VETERANS' PREFERENCES

To assist in carrying out the objectives of this Act the President may at any time or times, notwithstanding any other provision of law, reduce, for such period as he shall specify, the maximum authorized principal amounts, ratios of loan to value or cost, or maximum maturities of any type or types of loans on real estate which thereafter may be made, insured, or guaranteed by any department, independent establishment, or agency in the executive branch of the United States Government, or by any wholly owned Government corporation or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended, or reduce or suspend any such authorized loan program, upon a determination, after taking into consideration the effect thereof upon conditions in the building industry and upon the national economy and the needs for increased defense production, that such action is necessary in the public interest: *Provided*, That in the exercise of these powers, the President shall preserve the relative credit preferences accorded to veterans under existing law. *Subject to the provision of this section with respect to preserving the relative credit preferences accorded to veterans under existing law, the President may require lenders or borrowers and their successors and assigns to comply with reasonable conditions and requirements, in addition to those provided by other laws, in connection with any loan of a type which has been the subject of action by the President under this section. Such conditions and requirements may vary for classifications of persons or transactions as the President may prescribe, and failure to comply therewith shall constitute a violation of this section.*[61]

SEC. 606. DOWN PAYMENT REQUIREMENTS ON VETERANS' HOMES[62]

Not more than 10 per centum down payment shall be required pursuant to section 602 or section 605 of this Act in connection with the loan on any home not made or guaranteed by the Veterans' Administration and the transaction price of which home does not exceed $7,000; nor more than 15 per centum in connection with any such loan on any home the transaction price of which exceeds $7,000 but does not exceed $10,000; nor more than 20 per centum in connection with any such loan on any home the transaction price of which exceeds $10,000 but does not exceed $12,000. The term of any loan referred

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[61] Added by sec. 106 (c), 1951 Amendments.

[62] Sec. 606 added by Defense Housing and Community Facilities and Services Act of 1951, Act of Sept. 1, 1951, c. 378, sec. 602 (b), 65 Stat. 293.

to in the preceding sentence or in the last proviso of section 605 shall not be required to be less than twenty-five years.

SEC. 607. RELAXATION OF CREDIT CONTROLS [63]

Notwithstanding the provisions of sections 602 and 605 of this title, the authority of the President which is derived from said sections to impose credit regulations relative to residential property shall not be exercised with respect to extensions of credit made during any "period of residential credit control relaxation", as that term is herein defined, in such manner as to impose any down payment requirement in excess of 5 per centum of the transaction price. The President shall cause to be made estimates of the number of permanent, non-farm, family dwelling units, the construction of which has been started during each calendar month and, on the basis of such estimates, he shall cause to be made estimates of the annual rate of construction starts during each such month, after making reasonable allowance for seasonal variations in the rate of construction. If for any three consecutive months the annual rate of construction starts so found for each of the three months falls to a level below an annual rate of 1,200,000 starts per year, the President shall cause to be published in the Federal Register an announcement of the beginning of a "period of residential credit control relaxation", which period shall begin not later than the first day of the second calendar month following such three consecutive months. Each such relaxation period may be terminated by the President at any time after the annual rate of construction starts thereafter estimated for each of any three consecutive months exceeds the level referred to in the preceding sentence.

TITLE VII—GENERAL PROVISIONS

SEC. 701. ENCOURAGEMENT OF SMALL-BUSINESS ENTERPRISES

(a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act:

[63] Sec. 607 added by sec. 116 (b), 1952 Amendments.

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this Act, and in their formation there shall be fair representation for independent small, for medium, and for large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

(c) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950 [and having due regard to the needs of new businesses.] *and having due regard to the current competitive position of established business: Provided, That the limitations and restrictions imposed on the production of specific items shall not exclude new concerns from a fair and reasonable share of total authorized production.*[64]

SEC. 702. DEFINITIONS

As used in this Act—

(a) The word "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided,* That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency.

(b) The word "materials" shall include raw materials, articles, commodities, products, supplies, components, technical information, and processes.

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[64] Changed by sec. 108, 1951 Amendments.

(c) The word "facilities" shall not include farms, churches or other places of worship, or private dwelling houses.

(d) The term "national defense" means the operations and activities of the armed forces, the Atomic Energy Commission, or any other Government department or agency directly or indirectly and substantially concerned with the national defense, or operations or activities in connection with the Mutual Defense Assistance Act of 1949, as amended.

(e) The words "wages, salaries, and other compensation" shall include all forms of remuneration to employees by their employers for personal services, including, but not limited to, vacation and holiday payments, night shift and other bonuses, incentive payments, year-end bonuses, employer contributions to or payments of insurance or welfare benefits, employer contributions to a pension fund or annuity, payments in kind, and premium overtime payments.

SEC. 703. DELEGATIONS; NEW AGENCIES

(a) Except as otherwise specifically provided, the President may delegate any power or authority conferred upon him by this Act to any officer or agency of the Government, including any new agency or agencies (and the President is hereby authorized to create such new agencies, other than corporate agencies, as he deems necessary), and he may authorize such redelegations by that officer or agency as the President may deem appropriate. [The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government.] *The President is authorized to appoint heads and assistant heads of any such new agencies, and other officials therein of comparable status, and to fix their compensation, without regard to the Classification Act of 1949, as amended, the head of one such agency to be paid at a rate comparable to the compensation paid to the heads of executive departments of the Government, and other such heads, assistant heads, and officials at rates comparable to the compensation paid to the heads and assistant heads of independent agencies of the Government.*[65] Any officer or agency may employ civilian personnel for duty in the United States, including the District of Columbia, or elsewhere, without regard to section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as the President deems necessary to carry out the provisions of this Act.

[65] Sentence revised by sec. 109 (a), 1951 Amendments.

(b) The head and assistant heads of any independent agency created to administer the authority conferred by title IV of this Act shall be appointed by the President, by and with the advice and consent of the Senate. *There shall be included among the policy-making officers of each regional office administering the authority conferred by title IV of this Act a resident of each State served by such office whose governor requests such representation.*[66]

SEC. 704. ISSUANCE OF REGULATIONS

The President may make such rules, regulations, and orders as he deems necessary or appropriate to carry out the provisions of this Act. Any regulation or order under this Act may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions as in the judgment of the President are necessary or proper to effectuate the purposes of this Act, or to prevent circumvention or evasion, or to facilitate enforcement of this Act, or any rule, regulation, or order issued under this Act. *No rule, regulation, or order issued under this Act which restricts the use of natural gas (either directly, or by restricting the use of facilities for the consumption of natural gas, or in any other manner) shall apply in any State in which a public regulatory agency has authority to restrict the use of natural gas and certifies to the President that it is exercising that authority to the extent necessary to accomplish the objectives of this Act.*[67]

SEC. 705. OBTAINING INFORMATION

(a) The President shall be entitled, while this Act is in effect and for a period of two years thereafter, by regulation, subpena, or otherwise, to obtain such information from, require such reports and the keeping of such records by, make such inspection of the books, records, and other writings, premises or property of, and take the sworn testimony of, *and administer oaths and affirmations to*,[68] any person as may be necessary or appropriate, in his discretion, to the enforcement or the administration of this Act and the regulations or orders issued thereunder. The President shall issue regulations insuring that the authority of this subsection will be utilized only after the scope and purpose of the investigation, inspection, or inquiry to be made have been defined by competent authority, and it is assured that no adequate and authoritative data are available from any Federal or other responsible agency. In case of contumacy by, or refusal to

[66] Added by sec. 109 (b), 1951 Amendments.
[67] Added by sec. 109 (c), 1951 Amendments.
[68] Added by sec. 109 (d), 1951 Amendments.

obey a subpena served upon, any person referred to in this subsection, the district court of the United States for any district in which such person is found or resides or transacts business, upon application by the President, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

(b) No person shall be excused from complying with any requirement under this section or from attending and testifying or from producing books, papers, documents, and other evidence in obedience to a subpena before any grand jury or in any court or administrative proceeding based upon or growing out of any alleged violation of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no natural person shall be prosecuted or subjected to any penalty or forfeiture in any court, for or on account of any transaction, matter, or thing concerning which he is so compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such natural person so testfying shall not be exempt from prosecution and punishment for perjury committed in so testifying: *Provided*, That the immunity granted herein from prosecution and punishment and from any penalty or forfeiture shall not be construed to vest in any individual any right to priorities assistance, to the allocation of materials, or to any other benefit which is within the power of the President to grant under any provision of this Act.

(c) The production of a person's books, records, or other documentary evidence shall not be required at any place other than the place where such person usually keeps them, if, prior to the return date specified in the regulations, subpena, or other document issued with respect thereto, such person furnishes the President with a true copy of such books, records, or other documentary evidence (certified by such person under oath to be a true and correct copy) or enters into a stipulation with the President as to the information contained in such books, records, or other documentary evidence. Witnesses shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

(d) Any person who willfully performs any act prohibited or willfully fails to perform any act required by the above provisions of this section, or any rule, regulation, or order thereunder, shall upon conviction be fined not more than $1,000 or imprisoned for not more than one year or both.

(e) Information obtained under this section which the President deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information shall not be published or disclosed unless the President determines that the withholding thereof is contrary to the interest of the national defense, and any person willfully violating this provision shall, upon conviction, be fined not more than $10,000, or imprisoned for not more than one year, or both.

(f) Any person subpenaed under this section shall have the right to make a record of his testimony and to be represented by counsel.[69]

SEC. 706. INJUNCTIONS; VENUE; SERVICE OF PROCESS

(a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of this Act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the President that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, [or other order shall be granted without bond.] *or other order, with or without such injunction or restraining order, shall be granted without bond.*[70]

(b) The district courts of the United States and the United States courts of any Territory or other place subject to the jurisdiction of the United States shall have jurisdiction of violations of this Act or any rule, regulation, order, or subpena thereunder, and of all civil actions under this Act to enforce any liability or duty created by, or to enjoin any violation of, this Act or any rule, regulation, order, or subpena thereunder. Any criminal proceeding on account of any such violation may be brought in any district in which any act, failure to act, or transaction constituting the violation occurred. Any such civil action may be brought in any such district or in the district in which the defendant resides or transacts business. Process in such cases, criminal or civil, may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found; the subpena for witnesses who are required to attend a court in any district in such case may run into any other district. The termination of the authority granted in any title or section of this Act, or of any rule, regulation, or order issued thereunder, shall not operate to defeat any suit, action, or prosecution, whether theretofore or there-

[69] Added by sec. 117, 1952 Amendments.
[70] Changed by sec. 109 (e), 1951 Amendments.

after commenced, with respect to any right, liability, or offense incurred or committed prior to the termination date of such title or of such rule, regulation, or order. No costs shall be assessed against the United States in any proceeding under this Act. All litigation arising under this Act or the regulations promulgated thereunder shall be under the supervision and control of the Attorney General.

SEC. 707. EXCULPATORY PROVISION

No person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from [his] [71] compliance with a rule, regulation, or order issued pursuant to this Act notwithstanding that any such rule, regulation, or order shall thereafter be declared by judicial or other competent authority to be invalid. No person shall discriminate against orders or contracts to which priority is assigned or for which materials or facilities are allocated under title I of this Act or under any rule, regulation, or order issued thereunder, by charging higher prices or by imposing different terms and conditions for such orders or contracts than for other generally comparable orders or contracts, or in any other manner.

SEC. 708. VOLUNTARY AGREEMENTS

(a) The President is authorized to consult with representatives of industry, business, financing, agriculture, labor, and other interests, with a view to encouraging the making by such persons with the approval by the President of voluntary agreements and programs to further the objectives of this Act.

(b) No act or omission to act pursuant to this Act which occurs while this Act is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense shall be construed to be within the prohibition of the antitrust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the Federal Register unless publication thereof would, in the opinion of the President, endanger the national security.

(c) The authority granted in subsection (b) shall be delegated only (1) to officials who shall for the purpose of such delegation be required to be appointed by the President by and with the advice

[71] Deleted by sec. 118, 1952 Amendments.

and consent of the Senate, unless otherwise required to be so appointed, and (2) upon the condition that such officials consult with the Attorney General and with the Chairman of the Federal Trade Commission not less than ten days before making any request or finding thereunder, and (3) upon the condition that such officials obtain the approval of the Attorney General to any request thereunder before making the request. For the purpose of carrying out the objectives of title I of this Act, the authority granted in subsection (b) of this section shall not be delegated except to a single official of the Government.

(d) Upon withdrawal of any request or finding made hereunder the provisions of this section shall not apply to any subsequent act or omission to act by reason of such finding or request.

(e) The Attorney General is directed to make, or request the Federal Trade Commission to make for him, surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure small business, or otherwise promote undue concentration of economic power in the course of the administration of this Act. The Attorney General shall submit to the Congress and the President within ninety days after the approval of this Act, and at such times thereafter as he deems desirable, reports setting forth the results of such surveys and including such recommendations as he may deem desirable.

(f) After the date of enactment of the Defense Production Act Amendments of 1952, no voluntary program or agreement for the control of credit shall be approved or carried out under this section.[72]

SEC. 709. STATEMENTS OF CONSIDERATION

The functions exercised under this Act shall be excluded from the operation of the Administrative Procedure Act (60 Stat. 237) except as to the requirements of section 3 thereof. Any rule, regulation, or order, or amendment thereto, issued under authority of this Act shall be accompanied by a statement that in the formulation thereof there has been consultation with industry representatives, including trade association representatives, and that consideration has been given to their recommendations, or that special circumstances have rendered such consultation impracticable or contrary to the interest of the national defense, but no such rule, regulation, or order shall be invalid by reason of any subsequent finding by judicial or other authority that such a statement is inaccurate.

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[72] Added by sec. 116 (c), 1952 Amendments.

SEC. 710. SUPER GRADES; CONSULTANTS; SPECULATION

(a) The President, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, is authorized to place positions and employ persons temporarily in grades 16, 17, and 18 of the General Schedule established by the Classification Act of 1949, and such positions shall be additional to the number authorized by section 505 of that Act.

(b) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation; and he is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99). Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

(c) The President is authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this Act to employ experts and consultants or organizations thereof, as authorized by section 55a of title 5 of the United States Code. Individuals so employed may be compensated at rates not in excess of $50 per diem and while away from their homes or regular places of business they may be allowed transportation and not to exceed $15 per diem in lieu of subsistence and other expenses while so employed. The President is authorized to provide by regulation for the exemption of such persons from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

(d) The President may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed; and he is authorized to provide by regulation for the exemption of persons whose services are utilized under this subsection from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code and section 190 of the Revised Statutes (5 U. S. C. 99).

(e) Whoever, being an officer or employee of the United States or any department or agency thereof (including any Member of the Senate or House of Representatives), receives, by virtue of his office or employment, confidential information, and (1) uses such informa-

tion in speculating directly or indirectly on any commodity exchange, or (2) discloses such information for the purpose of aiding any other person so to speculate, shall be fined not more than $10,000 or imprisoned not more than one year, or both. As used in this section, the term "speculate" shall not include a legitimate hedging transaction, or a purchase or sale which is accompanied by actual delivery of the commodity.

(*f*) *The President, when he deems such action necessary, may make provision for the printing and distribution of reports, in such number and in such manner as he deems appropriate, concerning the actions taken to carry out the objectives of this Act.*[73]

SEC. 711. APPROPRIATIONS

There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this Act by the President and such agencies as he may designate or create. Funds made available for the purposes of this Act may be allocated or transferred for any of the purposes of this Act, with the approval of the Bureau of the Budget, to any agency designated to assist in carrying out this Act. Funds so allocated or transferred shall remain available for such period as may be specified in the Acts making such funds available.

SEC. 712. JOINT CONGRESSIONAL COMMITTEE ON DEFENSE PRODUCTION

(a) There is hereby established a joint congressional committee to be known as the Joint Committee on Defense Production (hereinafter referred to as the committee), to be composed of ten members as follows:

(1) Five members who are members of the Committee on Banking and Currency of the Senate, three from the majority and two from the minority party, to be appointed by the chairman of the committee; and

(2) Five members who are members of the Committee on Banking and Currency of the House of Representatives, three from the majority and two from the minority party, to be appointed by the chairman of the committee.

A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman and a vice chairman from among its members, one of whom

[73] Added by sec. 109 (f), 1951 Amendments.

shall be a member of the Senate and the other a member of the House of Representatives.

(b) [It shall be the function of the committee to make a continuous study of the programs authorized by this Act, and to review the progress achieved in the execution and administration of such programs.] ***It shall be the function of the Committee to make a continuous study of the programs and of the fairness to consumers of the prices authorized by this Act and to review the progress achieved in the execution and administration thereof.***[74] Upon request, the committee shall aid the standing committees of the Congress having legislative jurisdiction over any part of the programs authorized by this Act; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. Any department, official, or agency administering any of such programs shall, at the request of the committee, consult with the committee, from time to time, with respect to their activities under this Act.

(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpena (to be issued under the signature of the chairman or vice chairman of the committee) or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this subsection.

(d) The committee is authorized to appoint and, without regard to the Classification Act of 1949, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

(e) The expenses of the committee under this section, which shall not exceed $50,000 in any fiscal year, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman or vice chairman. Disbursements to pay such expenses shall be made by the Clerk of the House of Representatives out of the con-

[74] Sentence revised by sec. 119, 1952 Amendments.

tingent fund of the House of Representatives, such contingent fund to be reimbursed from the contingent fund of the Senate in the amount of one-half of disbursements so made without regard to any other provision of law.

SEC. 713. TERRITORIAL APPLICABILITY

The provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

SEC. 714. SMALL DEFENSE PLANTS ADMINISTRATION

(a) (1) It is the sense of the Congress that small-business concerns be encouraged to make the greatest possible contribution toward achieving the objectives of this Act. In order to carry out this policy there is hereby created an agency under the name 'Small Defense Plants Administration' (hereinafter referred to as the Administration), which Administration shall be under the general direction and supervision of the President and shall not be affiliated with or be within any other agency or department of the Federal Government. The principal office of the Administration shall be located in the District of Columbia, but the Administration may establish such branch offices in other places in the United States as may be determined by the Administrator of the Administration. For the purposes of this section, a small-business concern shall be deemed to be one which is independently owned and operated and which is not dominant in its field of operation. The Administration, in making a detailed definition, may use these criteria, among others: independency of ownership and operation, number of employees, dollar volume of business, and nondominance in its field.

(2) The Administration is authorized to obtain money from the Treasury of the United States, for use in the performance of the powers and duties granted to or imposed upon it by law, not to exceed a total of $50,000,000 outstanding at any one time. For this purpose appropriations not to exceed $50,000,000 are hereby authorized to be made to a revolving fund in the Treasury. Advances shall be made to the Administration from the revolving fund when requested by the Administration. This revolving fund shall be used for the purposes enumerated subsequently in subsection (b) (1) (B), (C), and (D). Reimbursements made to the Administration under these operations shall revert to the revolving fund for use for the same purposes.

(3) The management of the Administration shall be vested in an Administrator who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be a person of

outstanding qualifications known to be familiar and sympathetic with small-business needs and problems. The Administrator shall receive compensation at the rate of $17,500 per annum. The Administrator shall not engage in any other business, vocation, or employment than that of serving as Administrator. The Administrator is authorized to appoint two Deputy Administrators to assist in the execution of the functions vested in the Administration. Deputy Administrators shall be paid at the rate of $15,000 per annum.

(4) The Administration shall not have succession, beyond June 30, [*1952,*] ***1953,***[75] *except for purposes of liquidation, unless its life is extended beyond such date pursuant to an Act of Congress. It shall have power to adopt, alter, and use a seal, which shall be judicially noticed; to select and employ such officers, employees, attorneys, and agents as shall be necessary for the transaction of business of the Administration; to define their authority and duties, require bonds of them, and fix the penalties thereof. The Administration, with the consent of any board, commission, independent establishment, or executive department of the Government, may avail itself of the use of information, services, facilities, including any field service thereof, officers, and employees thereof in carrying out the provisions of this section.*

(5) All moneys of the Administration not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the Administration or in any Federal Reserve bank. The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Administration in the general performance of its powers conferred by this Act. All insured banks, when designated by the Secretary of the Treasury, shall act as custodians, and financial agents for the Administration.

(b) (1) Without regard to any other provision of law except the regulations prescribed under section 201 of the First War Powers Act, 1941, as amended, the Administration is empowered—

(A) to recommend to the Reconstruction Finance Corporation loans or advances, on such terms and conditions and with such maturity as the Reconstruction Finance Corporation may determine on its own discretion, to enable small-business concerns to finance plant construction, conversion, or expansion, including the acquisition of land; or finance the acquisition of equipment, facilities, machinery, supplies, or materials; or to finance research, development, and experimental work on new or improved products or processes; or to supply such concerns with capital to be used in the manufacture of articles, equipment, sup-

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[75] Date changed by sec. 121 (a), 1952 Amendments.

plies, or materials for defense or essential civilian purposes; or to establish and operate technical laboratories to serve small-business concerns; such loans or advances to be made or effected either directly by the Reconstruction Finance Corporation or in cooperation with banks or other lending institutions through agreements to participate in insurance of loans, or by the purchase of participations, or otherwise;

(B) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government;

(C) to arrange for the performance of such contracts by letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts; and

(D) to provide technical and managerial aids to small-business concerns, by maintaining a clearinghouse for technical information, by cooperating with other Government agencies, by disseminating information, and by such other activities as are deemed appropriate by the Administration.

(2) In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officers, such officer shall be authorized to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer.

(c) (1) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Administration, or for the purpose of obtaining money, property, or anything of value, under this section, shall be punished by a fine of not more than $5,000 or by imprisonment for not more than two years, or both.

(2) Whoever, being connected in any capacity with the Administration (A) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (B) with intent to defraud the Administration or any other body politic or corporate,

or any individual, or to deceive any officer, auditor, or examiner of the Administration makes any false entry in any book, report, or statement of or to the Administration, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (C) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Administration, or (D) gives any unauthorized information concerning any future action or plan of the Administration which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company or corporation receiving loans or other assistance from the Administration shall be punished by a fine of not more than $10,000 or by imprisonment for not more than five years, or both.

(d) (1) It shall be the duty of the Administration and it is hereby empowered, to coordinate and to ascertain the means by which the productive capacity of small-business concerns can be most effectively utilized for national defense and essential civilian production.

(2) It shall be the duty of the Administration and it is hereby empowered, to consult and cooperate with appropriate governmental agencies in the issuance of all orders limiting or expanding production by, or in the formulation of policy in granting priorities to, business concerns. All such governmental agencies are required, before issuing such orders or announcing such priority policies, to consult with the Administration in order that small-business concerns will be most effectively utilized in the production of articles, equipment, supplies and materials for national defense and essential civilian purposes.

(e) The Administration shall have power, and it is hereby directed, whenever it determines such action is necessary—

(1) to make a complete inventory of all productive facilities of small-business concerns which can be used for defense and essential civilian production or to arrange for such inventory to be made by any other governmental agency which has the facilities. In making any such inventory, the appropriate agencies in the several States shall be requested to furnish an inventory of the productive facilities of small-business concerns in each respective State if such an inventory is available or in prospect;

(2) to consult and cooperate with officers of the Government having procurement powers, in order to utilize the potential productive capacity of plants operated by small-business concerns;

(3) to obtain information as to methods and practices which Government prime contractors utilize in letting subcontracts and to take action to encourage the letting of subcontracts by prime contractors to small-business concerns at prices and on conditions and terms which are fair and equitable;

(4) to take such action, authorized under this section, as is necessary to provide small-business concerns with an adequate incentive, excluding subsidies, to engage in defense and essential civilian production and to facilitate the conversion and equipping of plants of small-business concerns for such production;

(5) to determine within any industry the concerns, firms, persons, corporations, partnerships, cooperatives, or other business enterprises, which are to be designated "small-business concerns" for the purpose of effectuating the provisions of this section;

(6) to certify to Government procurement officers with respect to the competency, as to capacity and credit, of any small-business concern or group of such concerns to perform a specific Government procurement contract;

(7) to obtain from any Federal department, establishment, or agency engaged in defense procurement or in the financing of defense procurement or production such reports concerning the letting of contracts and subcontracts and making of loans to business concerns as it may deem pertinent in carrying out its functions under this Act;

(8) to obtain from suppliers of materials information pertaining to the method of filling orders and the bases for allocating their supply, whenever it appears that any small business is unable to obtain materials for defense or essential civilian production from its normal sources;

(9) to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate the defense program or for essential civilian purposes;

(10) to consult and cooperate with all Government agencies for the purpose of insuring that small-business concerns shall receive fair and reasonable treatment from said agencies; and

(11) to establish such advisory boards and committees wholly representative of small business as may be found necessary to achieve the purposes of this section.

(f) (1) In any case in which a small-business concern or group of such concerns has been certified by or under the authority of the Administration to be a competent Government contractor with respect to capacity and credit as to a specific Government procurement contract, the officers of the Government having procurement powers are

directed to accept such certification as conclusive, and are authorized to let such Government procurement contract to such concern or group of concerns without requiring it to meet any other requirement with respect to capacity and credit.

(2) The Congress has as its policy that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small-business concerns. To effectuate such policy, small-business concerns within the meaning of this section shall receive any award or contract or any part thereof as to which it is determined by the Administration and the contracting procurement agencies (A) to be in the interest of mobilizing the Nation's full productive capacity, or (B) to be in the interest of the national defense program, to make such award or let such contract to a small-business concern.

(3) Whenever materials or supplies are allocated by law, a fair and equitable percentage thereof shall be allocated to small plants unable to obtain the necessary materials or supplies from usual sources. Such percentage shall be determined by the head of the lawful allocating authority after giving full consideration to the claims presented by the Administration.

(4) Whenever the President invokes the powers given him in this Act to allocate, or approve agreements allocating, any material, to an extent which the President finds will result in a significant dislocation of the normal distribution in the civilian market, he shall do so in such a manner as to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding June 24, 1950: Provided, *That the limitations and restrictions imposed on the production of specific items should give due consideration to the needs of new concerns.*

(g) The Administration shall make a report every ninety days of operations under this title to the President, the President of the Senate, and the Speaker of the House of Representatives. Such report shall include the names of the business concerns to whom contracts are let, and for whom financing is arranged, by the Administration, together with the amounts involved, and such report shall include such other information, and such comments and recommendations, with respect to the relation of small-business concerns to the defense effort, as the Administration may deem appropriate.

(h) The Administration is hereby empowered to make studies of the effect of price, credit, and other controls imposed under the

defense program and whenever it finds that these controls discriminate against or impose undue hardship upon small business, to make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.

(i) The Reconstruction Finance Corporation is authorized to make loans and advances upon the recommendation of the Small Defense Plants Administration as provided in (b) (1) (A) of this section not to exceed an aggregate of $100,000,000 outstanding at any one time, on such terms and conditions and with such maturities as Reconstruction Finance Corporation may determine.

(j) The President may transfer to the Administration any functions, powers, and duties of any department or agency which relates primarily to small-business problems.

(k) No loan shall be recommended or equipment, facilities, or services furnished by the Administration under this section to any business enterprise unless the owners, partners or officers of such business enterprise (1) certify to the Administration the names of any attorneys, agents, or other persons engaged by or on behalf of such business enterprise for the purpose of expediting applications made to the Administration for assistance of any sort, and the fees paid or to be paid to any such persons, and (2) execute an agreement binding any such business enterprise for a period of two years after any assistance is rendered by the Administration to such business enterprise, to refrain from employing, tendering any office or employment to, or retaining for professional services, any person who, on the date such assistance or any part thereof was rendered, or within one year prior thereto, shall have served as an officer, attorney, agent or employee of the Administration occupying a position or engaging in activities which the Administration shall have determined involve discretion with respect to the granting of assistance under this section.

(l) To the fullest extent the Administration deems practicable, it shall make a fair charge for the use of Government-owned property and make and let contracts on a basis that will result in a recovery of the direct costs incurred by the Administration.

(m) There are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes of this section.[76]

SEC. 715.[77] SAVING PROVISION

If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the remainder of

[76] New sec. 714 added by sec. 110 (a), 1951 Amendments.
[77] Formerly sec. 714; redesignated sec. 715 by sec. 110 (b), 1951 Amendments.

the Act, and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 716.[78] STRIKES AGAINST GOVERNMENT

That no person may be employed under this Act who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation or fund contained in this Act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than one year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

SEC. 717.[79] TERMINATION

[(*a*) Titles I, II, III, and VII of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1952, but such titles shall be effective after June 30, 1951 only to the extent necessary to aid in carrying out contracts relating to the national defense entered into by the Government prior to July 1, 1951.

(b) Titles IV, V, and VI of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1951.]

[78] Formerly sec. 715; redesignated sec. 716 by sec. 110 (b), 1951 Amendments.
[79] Formerly sec. 716; redesignated sec. 717 by sec. 110 (b), 1951 Amendments.

[(a) *This Act and all authority conferred thereunder shall terminate at the close of June 30, 1952.*] [80]

(a) Titles I, II, III, VI, and VII of this Act and all authority conferred thereunder shall terminate at the close of June 30, 1953; and titles IV and V of this Act and all authority conferred thereunder shall terminate at the close of April 30, 1953.[81]

(*b*)[82] Notwithstanding the foregoing—

(1) The Congress by concurrent resolution or the President by proclamation may terminate this Act prior to the termination otherwise provided therefor.

(2) The Congress may also provide by concurrent resolution that any section of this Act and all authority conferred thereunder shall terminate prior to the termination otherwise provided therefor.

(3) Any agency created under this Act may be continued in existence for purposes of liquidation for not to exceed six months after the termination of the provision authorizing the creation of such agency.

(*c*) The termination of any section of this Act, or of any agency or corporation utilized under this Act, shall not affect the disbursement of funds under, or the carrying out of, any contract, guarantee, commitment or other obligation entered into pursuant to this Act prior to the date of such termination, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this Act.

Approved September 8, 1950.

(d) No action for the recovery of any cooperative payment made to a cooperative association by a Market Administrator under an invalid provision of a milk marketing order issued by the Secretary of Agriculture pursuant to the Agricultural Marketing Agreement Act of 1937 shall be maintained unless such action is brought by producers specifically named as party plaintiffs to recover their respective share of such payments within ninety days after the date of enactment of the Defense Production Act Amendments of 1952 with respect to any cause of action heretofore accrued and not otherwise barred, or within ninety days after accrual with respect to future payments, and unless each claimant shall allege and prove (1) that he objected at the hearing to the provisions of the order under which such payments were made and (2) that he either refused to accept payments computed with such deduction or accepted them under protest to either the Sec-

[80] Subsections (a) and (b) superseded by italicized subsection (a), sec. 111, 1951 Amendments.

[81] Italicized subsection (a) revised by sec. 121 (b), 1952 Amendments.

[82] Former subsections (c) and (d) redesignated (b) and (c), sec. 111, 1951 Amendments.

retary or the Administrator. The district courts of the United States shall have exclusive original jurisdiction of all such actions regardless of the amount involved. This subsection shall not apply to funds held in escrow pursuant to court order. Notwithstanding any other provision of this Act, no termination date shall be applicable to this subsection.[83]

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[83] New subsection (d) added by sec. 120, 1952 Amendments.

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